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# BUSINESS WEEK

## WHAT 1942 MEANS TO BUSINESS

What has happened since the New Year must have made clear to the least discerning that it was a new era for industry that started on Jan. 1, 1942 and that behind the will to victory lies the question of whether that new era is to end with the war.

The rationing of tires, the drafting of the automobile industry, the start of the last mile on price-control legislation, the drive of industry toward 'round-the-clock operations—all discussed in this issue of Business Week—are war moves of the first significance to victory. However, their broader significance to the long future of American economic life cannot be underestimated. The moving finger is unlikely to cease its writing with the signature of the peace treaties.


How the structure of business is changing may be seen from week to week in the record and interpretation of American events carried in these pages. It may be seen by looking abroad to what has happened in other countries. No Briton believes that Britain's price-control program, described for American industry in this issue, or Britain's "concentration of industry" scheme, laid before Business Week readers a month ago, are merely temporary changes in the pattern of the Old World that centers in London.

And the pattern of the New World is changing as we watch—or, better, as we participate.

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DEX

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TWENTY CENTS



*There is only one word now in the  
Warner and Swasey Dictionary—*

# VICTORY

For years we have published a page each January, called the Revised Industrial Dictionary, because "old words have new meanings in these changing times" . . . We gave what seemed to us the modern significance of such words as labor, taxes, profit, management.

This year there is only one word with any significance—Victory. If you and we don't keep that word in the dictionary, we can tear up the book. Words and phrases such as social gains, conservatism, profit system, and liberty won't mean a thing.

The time has come—*now*—when every man and woman—workman, manager, politician, labor leader—is *all for* America or *all against* America. There can be no hyphenated loyalty to America and some private cause. This country is all the cause any of us needs or can afford.

To try to save America *and* some self-interest privilege is the surest way to lose both. To *work for* America is the only way to save everything America stands for.

YOU CAN TURN IT BETTER. FASTER.

WARNER  
&  
SWASEY  
Turret Lathes  
Cleveland

FOR LESS...WITH A WARNER & SWASEY

# WASHINGTON BULLETIN

## WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

### Paper Program—So Far

New arms production goals set up by the President this week have increased pressure for reorganization in the management of the procurement program. The huge new 1942 bogeys on delivery of planes (60,000), tanks (45,000), anti-aircraft guns (20,000), and ships (8,000,000 tons) are merely the product of pencil-sharpening to meet the President's demands.

The new demands are made before the physical means have been mapped for achieving the stepped-up deliveries. Plane and tank people have been readying plant for big additional schedules but not on the scale the President outlined.

Moreover, the program has been launched before the procurement machinery has been rebuilt to bear the stress of spending half the national income for arms.

Over-all trouble is that these goals have been forced on production chiefs whose authority is not adequate to carry them out.

### Reorganization

It is now certain that management of the whole procurement setup will have to be reorganized. As things stand, OPM has the responsibility of planning arms procurement. The Army and Navy, however, have exclusive authority to execute such plans (or not, as they please) by awarding contracts.

That stymies both sides—the military and the civilian. Neither is satisfied with what the other is doing. Each is trying to absorb the other's functions.

Nelson, Henderson, and Morgenthau (who have no way of picking up the Army's and Navy's contracting power piecemeal) are plugging for transfer of this authority to civilian hands.

Big question mark in over-all reorganization is whether Roosevelt will indulge his penchant for mere title-shuffling or will actually consolidate the military-civilian procurement powers.

### Patterson and C.I.O.

The military, notably Under Secretary Patterson, is appropriating procurement planning on one problem after another. Patterson now is quietly trying to organize several industries for the handling of Army orders.

This suggests an adaptation to present conditions of the Army's original mobilization plan that was rejected by the President. Where the original plan

would have the War Department deal with organized groups drawn from the management of each industry, Patterson may now contemplate using industry-wide management-labor groups.

This could be Patterson's bid for C.I.O. support of the Army's ambition to control procurement 100%.

It is significant that Patterson has been giving a helping hand to Reuther in the present fight over how to convert the auto industry to munitions manufacture (page 15). Here he finds himself working alongside Sidney Hillman, whose only interest is in obtaining labor's direct participation in industry management. Hillman consequently either will plump for a Civilian Ministry of Supply or War Department control, whichever best serves this purpose.

### "Reform" Carries On

Put this down in your Washington tickler file: Basic social and economic legislation has not been abandoned for the duration. The President's message to Congress on the \$59,000,000,000 budget—which corresponds to a corporation president's annual report to stockholders—discloses that he still has his heart set on two "reform" laws.

One would do away with tax-exemption privileges on state and municipal securities, which means putting federal and local government issues on a tax-competitive basis in the open market. (Last year, Congress did away with tax-exempt federal bonds.)

The other would broaden Social Security coverage—not only take in more workers, but provide disability and hospitalization benefits, too. And that's not all. The White House plan to federalize the state unemployment compensation systems is now out in the open (page 76), though certainly not "in the clear," for it faces a states' rights battle in Congress (BW—Oct. 4 '41, p. 7).

• **The Tax Bill**—To carry out his broadened Social Security program, the President would raise an additional \$2,000,000,000 in employment taxes. But the really bad news for business men is his proposal to collect \$7,000,000,000 in general taxes. That would make corporation levies in the fiscal year ending June 30, 1943, three times what they were in the 1941 fiscal year (page 13).

### Sales Levy Possible

Treasury experts are in disagreement as to the distribution of the mounting tax burden, and may not reconcile their

conflicting viewpoints until some time after Jan. 15, the date set for presentation to Congress. One crowd in the Treasury is supporting the new tax expert Randolph Paul, who is in favor of all-out taxes against corporations, high incomes, estates, and gifts. He would limit corporate incomes to 6% or less and personal incomes to about \$25,000 a year. Another is backing old tax expert Carl Shoup's high-rate withholding tax that would hit low incomes hardest. Both sets of ideas are equally unpopular with Congress.

With the Treasury divided, Congress should be able to put over a general manufacturers' sales tax of some kind despite the President's opposition to general excise or sales taxes—to "tax programs . . . that follow the line of least resistance." Roosevelt would probably submit to a sales tax if Congress approved the drastic excess profits tax he wants (exempting only a percentage of invested capital and not permitting the exemption of an amount equal to average prewar earnings).

### Splitting Up the Load

Officials who have supplied data for the Roosevelt-Churchill conferences have let drop a few additional statistics which help to place the President's spectacular production program in its proper perspective.

British-American war equipment output for the next year will be in these general proportions: U. S., \$50,000,000,000; U. K., \$11,000,000,000; Canada, \$3,000,000,000.

Deliveries of U. S. equipment directly to Britain in the next two years will amount to about \$24,000,000,000.

• **Russia's July Deadline**—Russia will receive all the aid that has been, or may yet be, promised. But Moscow believes it can meet the bulk of its own needs after next July. That's assuming that, by then, the situation in the Pacific will be fairly well in hand and Britain and the United States will be in a position to undertake an offensive in western Europe or, at least, to immobilize Nazi forces that were free for the Russian invasion of '41.

### Anti-Aircraft—But Not for Home

The President's stress on anti-aircraft-gun output over the next two years was based on bitter experience at both Pearl Harbor and in the Philippines. Flying Fortresses which might now be bombing Japan from the Philippines never

# "We'll KEEP 'EM ROLLING!"

Says Bert Gates



She's her daddy's sweetheart: Baby Jo Ann Gates, who is going to grow up to enjoy all the pleasures and privileges of the American way of life—if Bert Gates has anything to say about it.



Mrs. Gates is justly proud of her new automatic gas water heater, just installed in her Portland home.

Mickey, the dog, helps his master lovingly sort out his fishing tackle. May have to cut down on trips now, but fortunately, favorite Oregon fishing spots are close at hand.



He's an important man, Bert Gates, who has operated his own service station at the same spot in Portland for the past 11 years. It's up to Bert, and other mechanics and service station men like him, to keep those cars and trucks rolling to and from the shipyards and other Pacific Northwest industries now engaged in an all-out war effort. And they'll do it—you can bet on that.

Folks in this part of the country have a better idea than most just what it is that America is defending. The majority own their homes, and that gives them a personal stake in this struggle. No man fights more fiercely than one defending his own soil.

But don't think the war situation fazes the Pacific Northwest. Since war was declared, retail business in Portland has gone steadily forward to levels far exceeding last year's. And, by the way, Oregonian circulation is at the highest point in the paper's 92-year history.

## THE OREGONIAN

THE GREAT NEWSPAPER OF THE WEST  
PORTLAND, OREGON

"More than a city newspaper; a part of the life of the region"



# WASHINGTON BULLETIN (Continued)

got into the air. Washington knows now how fatal it is to station valuable planes at exposed outposts without protection. Britain is prepared to help supply immediate needs. Also, with adequate bomber and patrol plane output, the domestic need for antiaircraft guns is limited. Otherwise, a program large enough to equip the United States on a scale comparable to Britain or Russia would be far greater.

## Beaver Blast

Friends who visited Lord Beaverbrook one day last week while Churchill was consulting with the President found the head of Britain's whole war procurement program pacing his hotel room, reading and rereading a letter addressed to the White House. What was worrying "the Beaver" was how blunt he could be in trying to convince Roosevelt that too much time had been lost in appointing a single supply head in this country. Those who saw the letter said that, at least, he couldn't have been much blunter.

## How Contracts Are Distributed

Washington isn't announcing where defense contracts are going by company name any longer, but the latest breakdown on their distribution by size of order up to September, 1941, shows that there has been no significant alteration on the pattern already well set five months ago (BW—Aug. 24, p32).

At the top of the list—those with contracts between \$800,000,000 and \$1,000,000,000—there are only three companies, and they have 17.4% of all defense orders by dollar volume. At the bottom of the list—those with contracts up to \$17,700,000—there are 2,922 companies, and they hold exactly the same percentage of contracts as the three leaders—17.4%. Above the \$17,700,000 mark, there are an even one hundred companies doing 82.6% of all defense business.

## Getting Out of Kearny

First fruit of last month's management-labor agreement on industrial peace was an out for the Navy from an embarrassing situation at the Kearny shipyard.

Under the "maintenance of membership" plan by which the Navy operated the yard, employees who were unionists had to keep up their membership or be fired. In November (BW—Nov. 15, p74), the names of 20 of them were handed to Kearny's manager, Rear Admiral Bowen, with the request that they be laid off. He tossed

the hot potato in Mediation Board Chairman Davis's lap, asking him to rule.

Davis said "m. of m." meant what it said; the 20 had to go.

But the Navy marked time until this week when Secretary Knox, pointing to the industrial peace agreement banning strikes, said it was perfectly safe to give the yards back to U. S. Steel even though no labor contract was ever arrived at. So he did, and the Shipbuilders Union dispute with Kearny management goes back where it was preceding the government takeover last August.

## For Small Business

Jesse Jones, Secretary of Commerce, Federal Loan Administrator, and newest appointee to SPAB, now is adding to his many chores by undertaking to assist small business in financing its defense work. In an open letter to banks throughout the country, the loan administrator made it clear that small enterprises could get loans for plant and equipment, for working capital, or to buy and process materials. He warned, however, that it all had to be on a business basis because ability of the con-

tractor to do the job at the price will be a condition for loans.

## Stamps for Auto Use Tax

Automobile use tax stamps will go on sale Jan. 26 in 44,000 post offices and 64 district internal revenue collectors' offices. A tax of \$2.09 is due Feb. 1, covering the period through June, but the deadline won't be enforced. The \$5 tax for the new fiscal year beginning July 1 is due on that date.

The Internal Revenue Bureau's original plan to collect the tax by mail, using state registration lists, was abandoned because Congress allowed only \$1,500,000 for expenses.

## Wage-Hour Law Extended?

Some 500,000 employees of chain-store and wholesale industries will henceforth be covered by the Wage-Hour Law, if higher courts do not reverse this week's decision of the United States District Court at Philadelphia in the American Stores Co. case. That decision upholds the contention of the Wage-Hour Division that 3,200 "non-retail selling employees" in American Stores' warehouses, bakeries, canneries,

## The Man Who Rations Cars

In naming Rolf Nugent to handle the rationing program on automobiles and light trucks (page 15), OPA Administrator Leon Henderson picked a trusted pal who has worked practically alongside him since the early 1920's. In the high thirties, Nugent is Henderson's junior by several years. He is a likable chap, has more polish and minds his manners better than the New Deal's rasslin' economist, but business men don't cotton to him because he's a crusader. His latest job was on the framing of the Federal Reserve's installment credit regulations, in which he was playing on his home field (BW—May 24, p32).

Nugent was Henderson's assistant in the Department of Consumer Credit Studies of the Russell Sage Foundation and, when Henderson joined the NRA in 1934, succeeded him as director of that department. He lobbied successfully for the uniform state small loan law, commonly known as the 3½% law and recently had a hand in the New York state installment credit law.

With 450,000 cars now in dealer hands and a production of slightly



more than 200,000 expected in January, Nugent will begin rationing operation with a sizable pool which may later be amplified by additional production or by bringing used cars into the pool. In any event, the bogey of requisitioning private cars seems pretty far removed.



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purchasing offices, central offices, coffee-roasting plant, auto-maintenance shop, mechanical shop, laundry, garment shop, print shop, laboratory, bottling works and food processing plant are engaged in interstate commerce.

The court's language indicates that it classified, as properly covered by the law, all employees who handle stock and records intended to cross state boundaries, or who are employed by a firm doing an interstate business.

## Patentees Restricted

The holder of a patent can't use it to force the sale of some unpatented product for use with it. The Supreme Court so held this week in two cases which at once evoked howls of joy from antitrust boys in Washington.

If you have a patent on a machine to dispense salt tablets, you can't force the licensed user of the machine to buy your unpatented salt tablets to the exclusion of someone else's tablets (Morton Salt Co. vs. G. S. Suppiger Co.).

If you hold a method patent on a process for cementing insoles in shoes, you can't force the person permitted to use that process to buy your unpatented cementing materials (B. B. Chemical Co. vs. Elmer A. Ellis and Magic Tape Co.).

The court held in both cases that attempts had been made to use the patents in such a way as to create a monopoly or partial monopoly in sale of materials not covered.

## Ceiling Hitched to Quality

OPA's Consumer Division has always contended that price ceilings are useless unless coupled with quality standards, for by cheapening his merchandise a manufacturer could take a higher margin on the fixed prices and thus, from the consumer point of view, nullify the effectiveness of price regulation. This philosophy is being invoked for the first time in the price order (page 26) for domestic cooking and heating stoves.

Significantly, the ceiling set for manufacturers (112% of the lowest price between Jan. 15 and June 1, 1941) applies only to unaltered models (except for specifically listed style changes). New stove models must get a price O.K. after their detailed specifications have been examined. Where the size of a model is cut, OPA can be expected to ask cheaper prices. Tipoff is in the price order's requirement that quotations be scaled down on stoves whose "table tops" have been removed in compliance with an OPM order.

• **Another Angle**—In addition to its price implications, this quality safeguard

has a direct bearing on the materials problem. Since new models have to be re-priced with OPA approval, manufacturers will think twice before cutting corners on size, etc.

## Telephone Control Plan

Rationing of telephone service for civilian uses will be handled by a new joint Defense Communications Board—OPM organization. The plan will give full precedence to the communications requirements of the military forces and war production. Long-distance calls by the civilian population will be put on a deferred basis. When and where necessary, residential service will be squeezed into four-party lines.

Government telegraph traffic will have complete priority over civilian messages. Army, Navy, and defense production telegrams will get a special precedence classification.

• **For Efficiency**—The DCB-OPM expects to allocate sufficient amounts of critical materials to maintain essential telephone, telegraph, broadcasting and overseas cables, and radio circuits.

## Politics As Usual

Federal Power Commission hopes it stuck its thumb farther into war power policy this week by electing Basil Manly to succeed Claude L. Draper as vice-chairman. Manly was vice-chairman of the National Defense Power Committee which, in 1938, prepared a confidential report on power requirements in a war period.

Federal Reserve Board and SEC were among the very few government offices closed on New Year's Day. Money is no object in war.

Rains in Southeast this week officially ended OPM's first electric power curtailment program which for a time blacked out signs, froze industrial kilowatt-hour use, and pooled generation of utility systems in eight states.

New Navy hospital close to Washington in Maryland includes a Presidential suite and several suites for congressmen.

In 48 counties the January quota of passenger tires is one.

Fifty-two percent of radio homes were reported by the Cooperative Analysis of Broadcasting as having heard the President's message to Congress, the second-biggest daytime radio audience ever assembled (the biggest—66%—was also a Roosevelt audience, on the occasion of his request for a declaration of war against Japan on Dec. 8).

—Business Week's  
Washington Bureau

# FIGURES OF THE WEEK

THE INDEX (see chart below). . . . . \*163.4    163.9    163.9    160.9    143.4

## PRODUCTION

Steel Ingot Operations (% of capacity).....	96.4	96.1	97.5	94.9	95.1
Automobile Production.....	18,535	24,620	92,205	96,457	76,690
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$14,242	\$10,511	\$14,217	\$29,989	\$20,311
Electric Power Output (million kilowatt-hours).....	3,237	3,187	3,369	2,867	2,831
Crude Oil (daily average, 1,000 bbls.).....	4,038	4,081	4,108	3,658	3,367
Bituminous Coal (daily average, 1,000 tons).....	1,620	1,792	1,958	1,845	1,591

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	85	86	92	90	75
All Other Carloadings (daily average, 1,000 cars).....	45	47	54	61	42
Check Payments (outside N. Y. City, millions).....	\$6,867	\$7,276	\$6,665	\$6,636	\$5,667
Money in Circulation (Wednesday series, millions).....	\$11,161	\$11,224	\$10,717	\$9,704	\$8,733
Department Store Sales (change from same week of preceding year).....	+39%	+7%	+15%	+23%	+59%
Business Failures (Dun & Bradstreet, number).....	136	161	212	216	179

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	221.0	†217.8	212.8	203.8	172.8
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	150.1	†149.1	148.2	140.5	121.7
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	173.9	†171.4	165.4	146.7	127.6
‡Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
‡Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$22.00
‡Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.035¢	12.042¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.23	\$1.21	\$1.17	\$0.98	\$0.86
‡Sugar (raw, delivered New York, lb.).....	3.50¢	3.50¢	3.50¢	3.45¢	2.91¢
Cotton (middling, ten designated markets, lb.).....	18.33¢	17.57¢	17.21¢	14.72¢	10.09¢
‡Wool Tops (New York, lb.).....	\$1.271	\$1.274	\$1.303	\$1.248	\$1.188
‡Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	21.63¢	20.63¢

## FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	71.5	67.8	72.0	80.1	84.9
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.33%	4.42%	4.34%	4.29%	4.42%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.01%	2.02%	1.87%	1.90%	1.92%
U. S. Treasury 3-to-5-year Note Yield.....	0.58%	0.64%	0.61%	0.38%	0.40%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate).....	4-8%	4-8%	4%	4%	4-8%

## BANKING (Millions of dollars)

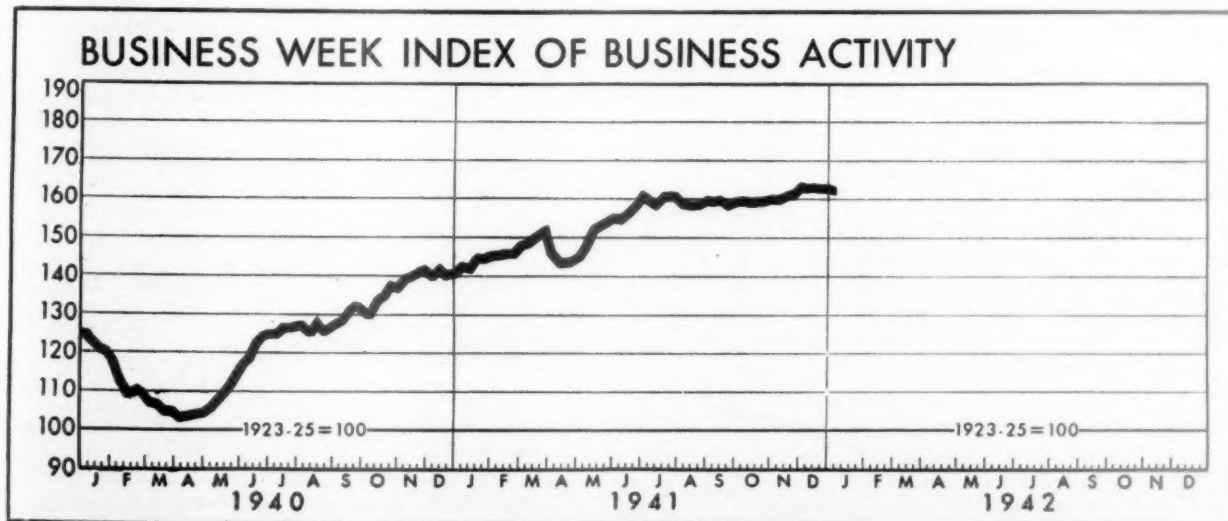
Demand Deposits Adjusted, reporting member banks.....	23,650	23,994	24,324	23,949	22,299
Total Loans and Investments, reporting member banks.....	30,085	30,293	29,691	28,325	25,527
Commercial and Agricultural Loans, reporting member banks.....	6,728	16,784	6,593	5,898	5,018
Securities Loans, reporting member banks.....	959	954	975	981	1,049
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks...	15,049	15,173	14,782	14,293	12,462
Other Securities Held, reporting member banks.....	3,666	3,678	3,650	3,579	3,675
Excess Reserves, all member banks (Wednesday series).....	3,090	3,060	3,860	5,265	6,615
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,361	2,499	2,289	2,273	2,274

\* Preliminary, week ended January 3rd.

† Revised.

§ Date for "Latest Week" on each series on request.

‡ Ceiling fixed by government.



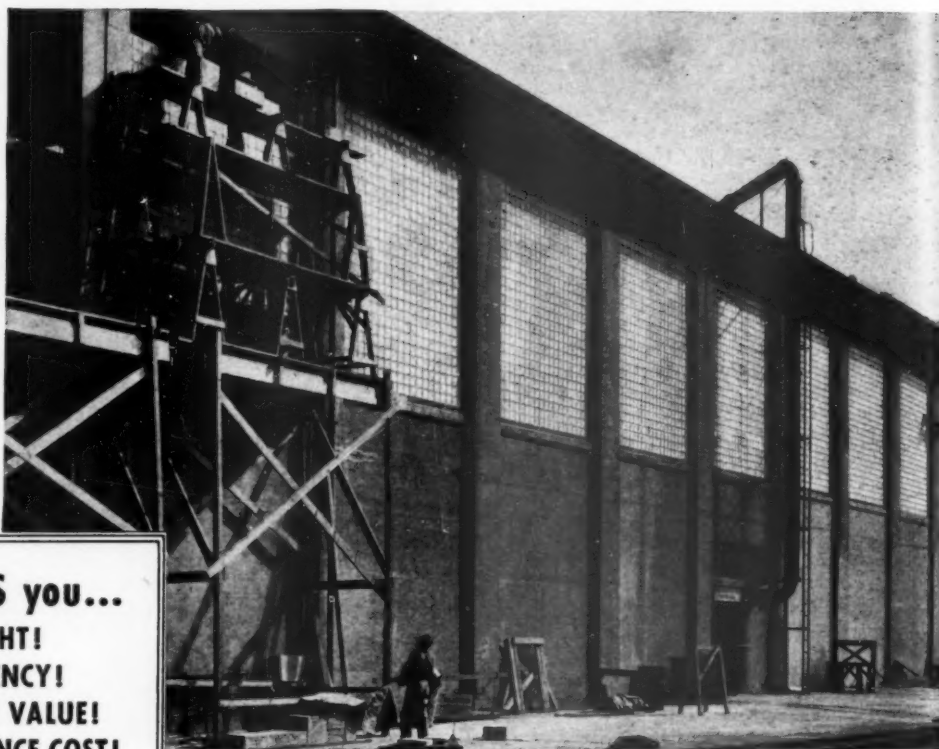


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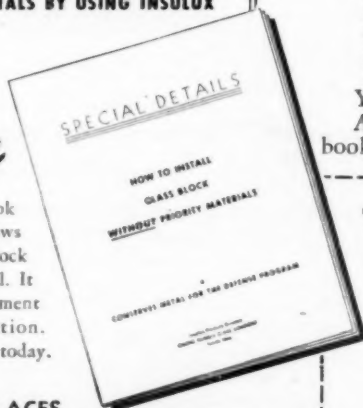
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# THE OUTLOOK

## New War Goals, New Economy

President's program assures record output, but fulfillment will require general overhauling of straining industrial machine. Prospect of postwar tax reduction becomes increasingly distant.

President Roosevelt's state-of-the-union and budget messages this week left no doubt that the American economy is to be turned inside out to yield a maximum outturn of materials of war. The formal program calls for an expenditure of \$24,000,000,000 on defense items in the current fiscal year—the year ending June 30, 1942; and \$53,000,000,000 in the 1943 fiscal year. This means that the country will be devoting 50% and more of its total energies to war.

### Can It Be Done?

Understandably, the President does not present details of war appropriations. To indicate precisely how much is to be spent on airplanes, tanks, ships, etc., would disclose military secrets. But the magnitude of the dollar sums and the outline of the plan for 60,000 planes and 45,000 tanks this calendar year, raise a critical question: Can this ambition be achieved?

It is true that after the President's rallying call to Congress and the nation, business men, labor leaders, and legislators joined in a chorus, saying, "It will be done." But—and this is noted not to be captious, but to be realistic—most assents to the President's call were tempered with an important reservation.

### Under Wartime Stress

The airplane people, the tank people, the auto people, and so on, all declared that what the President asked was not too much, provided they could get the men, machines, and materials they needed without interruption. That is a monumental proviso. The smooth flow of supplies and manpower is difficult even in peacetime. And in war, the industrial machine is operating under duress and straining above capacity. To attain the Presidential bogey, monthly war outlays will have to rise in the following progression—as indicated here last week (BW—Jan. 3'42, p13):

Dec., 1941.....	\$1,850,000,000
June, 1942.....	3,200,000,000
Dec., 1942.....	4,600,000,000

That will require a reorganization of our economy almost overnight. What are makers of railroad equipment, printing presses, business machinery, expected to do? Has the Office of Production Management worked out a new schedule

of war operations, calling for conversion on a vast scale of all metal-working industries not engaged directly on defense? And will that mean that there will be fewer freight cars and locomotives made this year, because the car builders are turning out tanks? Fewer typewriters, fewer industrial machines of all kinds? How will that affect our transportation and production in general?

### High Output Assured

Such questions arise now, and are bound to arise again. Nor can they be readily answered. We must recognize, as practical business men, that the job ahead cannot be done by fiat. The program must be organized; plants must tool up; a first model must be produced.

Then, and only then, can assembly lines start moving. And that many-part task has yet to be accomplished. However, when our sights are set ambitiously high, it is probable that actual results will come up to the practical requirements of a "victory program."

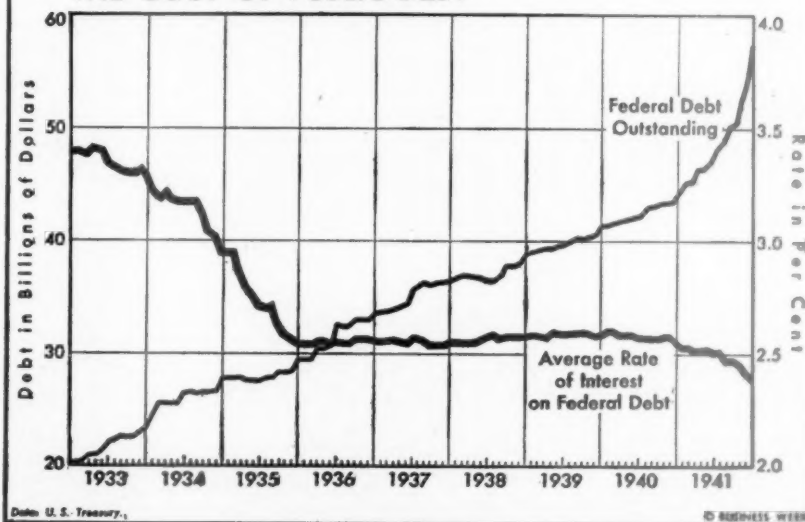
### Civilian Goods

In any event, a record volume of industrial output is assured during the coming year. But the speeded-up arms program probably will cause a rise in priorities disemployment; in the rush to convert, dislocations are bound to increase, rather than decrease. And, of course, durable consumer-goods production will become decidedly secondary in our economy. Indeed, even nondurable civilian output may be reduced to make way for an expanded army.

Wool quotas have been imposed on clothing and carpet manufacturers; and though shoe capacity is sufficient to meet both civilian and military needs, the supply of hides is not plentiful. Even cotton textiles may run short.

By no means will taxation cover the

IN THE OUTLOOK:  
THE COST OF PUBLIC DEBT



If the war lasts and if President Roosevelt's plans for building tanks, planes, ships, and guns to beat the Axis come close to attainment, the United States will have a \$110,000,000,000 national debt as of June 30, 1943—the end of the next fiscal year. That means the debt curve on this chart will go up some more, and at about the same rate of speed as in 1941. However, this does not imply

that interest rates will go up, too. One of the anomalies of this war is that governments have managed to keep interest rates down despite high increases in public debt (BW—Jan. 3'42, p56). And Mr. Roosevelt intends to keep on with that policy, if possible. In his budget message this week, the President said he hoped that there would be no necessity for a "departure from our low-interest-rate policy."

enlarged war program. The budgetary deficit in the 1943 fiscal year is figured at \$35,400,000,000, as compared with \$18,700,000,000 this year, and \$5,100,000,000 last year. And to keep the deficit down to \$35,000,000,000, the President proposes \$7,000,000,000 in new taxes (aside from \$2,000,000,000 in additional social security levies). And, recent trends suggest that corporations will bear a major part of the boost. Here, for instance, is the revenue record without allowance for a new tax law:

	Fiscal Years		
	1941 Actual	1942 Est.	1943 Est.
(000,000 omitted)			
Federal Revenues			
Corporation taxes	\$2,219	\$4,193	\$6,645
Individual income taxes	1,825	3,690	5,435
Employment taxes	925	1,189	1,739
Excise taxes	2,381	3,121	3,436
Miscellaneous	198	255	300
Customs	392	368	297
Total	\$7,940	\$12,816	\$17,852

And the postwar prospect of tax reduction is not too bright. The national debt is due to rise above the \$100,000,000,000-mark (outlook chart). And interest on the debt will increase from \$1,250,000,000 a year as at present to around \$2,500,000,000, or just about double. President Roosevelt took note of this in his budget remarks, saying: "Such an increase in interest requirements will prevent us for some time after the war from lowering taxes to the extent otherwise possible."



## COPPER FOR WAR

Biggest single boost for domestic copper production is scheduled to come any day now when Phelps Dodge's new open-pit mine at Morenci, Ariz., goes into action. Five years and \$40,-

## Price Bill Remade

Senate committee puts in some teeth, including licensing and power for Administrator to buy and sell commodities.

Price control legislation is coming round the mountain. It's the only economic legislation asked for by F.D.R. that Congress didn't hand over before the shooting started. The sadly weakened measure passed by the House (BW—Dec.6'41,p17) has emerged from Senate committee to Senate floor in considerably strengthened form. Final enactment before the month is out is likely but not certain.

• **Holding the Lid Down**—In the past 18 months increased prices have added \$2,000,000,000 to the cost of the war or, vice versa, the war added \$2,000,000,000 to prices before we were officially in it. Price control is, however, a rather remarkable fact today, even though Congress, dominated by farm and labor lobbies, has fiddled for six months. Leon Henderson has held the lid down part way by sitting on prices at the raw-material level.

Positive wage control has been side-stepped by the Administration. Henderson asserted at the outset that "labor is entitled to one bite," later took the

position that government labor agencies shouldn't recognize demands for wage boosts that are not warranted by increases in living costs.

• **"Toward Stabilization"**—Henderson's view is reflected in a provision adopted by the Senate Banking Committee that the policy of such agencies shall be "to work toward a stabilization of prices and costs of production." Coupling wage rates with salaries, dividends, interest payments and other forms of income, the Senate committee decided that controls over income aren't yet necessary to prevent inflation and probably would do more harm than good anyhow. The Senate committee's policy declaration will be kicked around, maybe kicked out before the bill becomes law.

The Administration hasn't offered forceful resistance to the farm organizations' successful attempt to convert farm price ceilings into new "floors"—110% of "parity" or the price on Oct. 1, 1941, whichever is higher.

• **Leeway for Increase**—The 110% provision will allow a further substantial increase in main farm products (BW—Dec.13'41,p40). The Oct. 1 limitation is designed to prevent dislocation incident to any downward adjustment of prices attained during the fall marketing season.

The Senate committee, however, has knocked out, with profuse explanations, the alternative 1919-29 average price provision contained in the House bill. On the basis of price relationships prevailing Dec. 15, 1941, this would have raised the ladder for cotton prices, for example, to 119% of parity before Administrator Henderson would have the power to impose ceilings on them. And this, the Senate committee observed, "would represent not equal treatment to the farmer but preferential treatment."

• **Revision As Needed**—Automatic upward revision of present parity prices will keep the farmers' return abreast of increases in the prices of goods that they buy. Parity plus 10% is designed to offset the unlikely accident that prices actually received by them will fall below the parity level.

But farm spokesmen recall World War days of \$2.50 wheat, \$1.80 corn and 37¢ cotton. The executive committee of the National Cooperative Milk Producers Association complains that the ceilings called for in the price control bill are "inadequate to provide proper compensation for the sacrifices which agriculture is willingly making under war conditions."

• **Wickard's Place**—Farm organizations are continuing the fight for special treatment, including administration of farm price control by Secretary Wickard. The Senate Committee rejected Wickard's proposal, but the bill leaves it up to the President to cut Wickard in. Hender-

000,000 have been spent in cutting down the mountains preparatory to operations, which shortly should be contributing 60,000 to 75,000 tons of the red metal annually. This will mean adding something like 6% to 8% to this country's production.

son can "understand" Wickard's desire, but he insists price control must be centralized.

Guidepost for fixing ceiling prices on industrial commodities is the price prevailing Oct. 1-15, 1941, unless abnormal market conditions prevailed in that period, in which case Mr. Henderson shall select for the commodity involved the nearest two-week period which is "not abnormal."

• **Temporary Freezing**—To meet acute situations, the Administrator may freeze temporarily the price of any commodity at the figure prevailing on the date such action is taken.

Crux of the bill up in the Senate this week is found in provisions to implement enforcement of price ceilings by empowering the Price Administrator (1) to license sellers of regulated commodities and (2) to buy and sell commodities. The licensing provision was knocked out of the bill by the House. Without it, any law would be little more than an authorization to continue price control on a voluntary basis.

• **Blanket Licenses**—As restored by the Senate Committee, the licensing provision would empower Henderson to issue blanket licenses to all outlets, but only a federal district court may suspend the license of a violator. This is satisfactory to Henderson.

Another handy enforcement provision would give the consumer of a price-ceilinged product the right to bring action against a nonconforming seller for a minimum of \$50 or treble the amount of the difference between the ceiling price and the price charged, plus costs of the action.

• **Buying and Selling**—Purchase and sale of commodities were confined by the House bill to appropriate government agencies for the purpose of promoting high-cost or marginal production, with power to buy and sell critical and strategic materials reserved to Jesse Jones. The Senate bill retains the RFC reservation but otherwise vests in Henderson the power to buy and sell domestic and imported commodities (with limitations as to farm products), not only to stimulate production but to prevent price increases where price control alone is not effective.

The House bill watered down Henderson's responsibility by creating a five-man board which could knock over Henderson's regulations upon appeal of anyone subject to them. The Senate committee's bill substitutes review by an emergency court of appeals and Henderson's regulations would stick until set aside by the court.

• **Rent Regulation**—Rent control is confined to areas designated by the Administrator. If control by local authorities is not effective, he is authorized to establish maximum figures fixed with reference to levels prevailing at any time since April 1, 1940.



Stoppage of automobile production by OPM, coupled with the announcement that the industry would get \$5,000,000,000 of new defense orders, in addition to the \$4,500,000,000 already on the books, brought a record crowd of motor men to the Capital on Monday for the conference on how best to expedite conversion of the industry from peacetime to all-out war production. Principal participants included (left to right) R. J. Thomas, president of the United Automobile Workers

Union; Sidney Hillman, OPM associate director general; Price Administrator Leon Henderson; Paul G. Hoffman, president, Studebaker Corp.; Edsel Ford, president, Ford Motor Co.; William S. Knudsen, OPM director general; and C. E. Wilson, president, General Motors Corp. Thomas, Hoffman, Ford, and Wilson are all members of the 10-man committee—five labor, five management—named to work out the blueprints for doing the job.

## Autos—No. 1 Conversion Job

But labor and management differ on how it should be done. Answer may involve some pooling, some usual buyer-seller relations. Rationing starts on stock of 650,000 cars.

The auto industry this week is getting ready for its biggest model changeover. It is through manufacturing motor cars, and the problem now is how it can switch to the manufacture of armament—and reemployment of its displaced workers—most quickly and effectively.

• **Listeners**—Representatives of the manufacturers, the parts suppliers, and labor came to Washington this week to work out a program. As to the dying auto business, they found the programs all drafted, were simply told what was what.

How the new munitions business was to be run was more problematic. Prime issue was whether to stick to normal buyer-seller relations. This would mean placing contracts for finished munitions with most of the major producers, letting them filter part of the work down to the parts suppliers on subcontracts.

• **Reuther Plan?**—Alternatively, the industry could be pooled, treated as one vast factory. Work could be parceled out—under some less formal arrange-

ment than an ordinary government contract—to whatever plant was best equipped to handle it. One plant might do certain operations on a piece of metal and then ship it to another company's plant for further processing. Tools might be shifted from plant to plant. All would be under the direction of some governing group.

This system, if the control group turned out to be an industry-labor committee, would be the Reuther Plan. This is the scheme proposed nearly a year ago by Walter Reuther of the United Auto Workers who claimed that by such a plan production could be boosted even to levels of 500 planes a day. The idea was rejected by William Knudsen.

• **Test Case**—The auto industry is the largest single aggregation of metal-working capacity in the country. And it's in the unhappy position of having become the symbol of big civilian industry, the test case for procedure in converting



peacetime machinery to armament manufacture. Whatever plan is adopted for autos will become the pattern for relations between the government and major industries for the rest of the war—and maybe after.

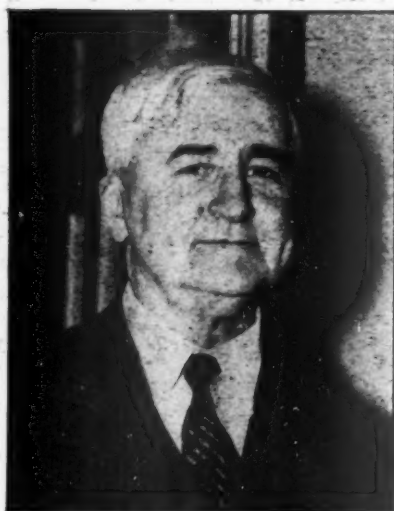
Behind the closed doors of the crowded meeting room—so crowded that harassed guards hung out an SRO sign and were finally told to admit not another man except the Secretary of War—the future structure of the economy was being threshed out. Actually, the threshing got under way before the meeting began, for on Monday the U.A.W. took newspaper advertising space to rebuke OPM for its failure to put the Reuther Plan into operation a year ago, and the Automobile Manufacturers Assn., apparently anticipating the U.A.W. move, also took space to decry “a design to transfer management of the automotive industry from the men who know how to make things to those who have no training or qualifications for the responsibility.”

The Reuther Plan is just one phase of a program for equal participation by labor in the operating decisions of industry, a role which has admittedly become a major C.I.O. objective now that labor has abandoned some of its economic objectives under the President's no-strike agreement.

● **First Round**—The Reuther Plan had the support of the labor representatives at the meeting, of Sidney Hillman, and, curiously enough, of the Under Secretary of War. A few days earlier Patterson had helped Reuther build up his factual ammunition by sending him, with two Army officers, on a tour of typical arms plants. Arguing for traditional methods were the management representatives and Knudsen.

Hillman won the first round when the essential questions were referred to a ten-man joint industry-labor committee which, in an advisory capacity, was to make plans for submission to OPM. Membership of the committee was equally divided between labor and management. Management representatives were Edsel Ford of Ford Motor Co., C. C. Carlton of Motor Wheel Corp., R. F. Black of White Motor Corp., Paul G. Hoffman of Studebaker Corp., and C. E. Wilson of General Motors. Four of the five labor members represented the U.A.W.—Walter P. Reuther, George F. Addes, Richard T. Frankenstein, and Richard Reisinger. The fifth member, Earl Melton, represented A.F.L. machinists and the A.F.L. division of the auto workers' union.

● **No Single Answer**—As the group began its deliberations, probabilities pointed to a mixed conclusion—extensive pooling of facilities in the manufacture of some products, ordinary contracts in others. The necessity for a measure of pooling had emerged clearly on the floor of the general meeting as



## SPAB MEMBER

*Jesse Jones, Federal Loan Administrator, last week was made a member of the Supply Priorities and Allocations Board. SPAB needs all the help it can get to step up war production—and Jones, as Loan Administrator, is the man handling the purse strings on federally-financed plant capacity.*

one manufacturer after another said that with present equipment he could handle certain operations on given products, not on others.

In any case, the real issue of the dispute will not be clear until it becomes apparent whether the management-labor committee is to be the real controlling group in the industry or to become—like most OPM advisory committees—a mere sounding board.

● **Five Billions**—However it is handled, the armament job facing the industry is a big one. The military is prepared to assign to the auto builders about \$5,000,000,000 in munitions orders in addition to the \$4,500,000,000 now on their books. Of the new orders, the Army will place about \$3,500,000,000 and the Navy about \$1,500,000,000. Use of facilities originally intended for autos is expected to step up deliveries for this year from the \$2,500,000,000 scheduled before Pearl Harbor to something between five and six billions. This will certainly involve some new capacity, but it is hoped that major reliance can be placed on existing facilities. Trucks and other military vehicles are expected to form the biggest item in 1942 deliveries, some \$1,500,000,000. Aircraft deliveries will total perhaps \$1,250,000,000; tanks, \$1,000,000,000; ordnance, \$1,000,000,000; combat vehicles, \$500,000,000.

● **As for Autos**—By the time the meeting convened this week, OPM had aban-

doned its first plan to taper off auto production by halving the January quotas established last October. Instead, production of passenger cars and light trucks is to be stopped dead at the end of January, but first there will be a final flurry of activity to use up as much as possible of existing parts inventories.

Inventories of materials and parts now held by the auto industry total about \$213,000,000. However, difficulties in recent months of getting certain items have put these inventories out of balance. For example, there are body parts without the corresponding engine parts. Allocation of some 3,500 lb. of valve steel will permit balancing up about \$100,000,000 worth of the inventory—enough to produce the new January quota of 204,848 cars.

● **Pool of Cars**—The January production, together with some 450,000 cars now in dealer stocks, will form a pool of cars to be held for essential uses. Some of these cars will go to South America; some will be shipped under lend-lease; but the bulk of them will be rationed out over coming months to much the same classes of users as are now entitled to buy new tires. The rationing program will be handled by Rolf Nugent of the Russell Sage Foundation, who has been transferred from his job as consumer credit consultant for OPA. It will utilize most of the machinery of the tire-rationing program.

Pending formulation of a rationing program, the integrity of the pool is being maintained by a priority order banning the sale of passenger cars and light and heavy trucks except to dealers. For heavy trucks, manufacture of which will continue, a separate rationing program is to be set up to be handled by the Coordinator of Defense Transportation, Joseph B. Eastman. Prices of the new cars have been frozen, and OPA is prepared to act on the price of used cars if necessary. It will probably establish a peak price for each model and year, will disregard such intangibles as condition.

● **Replacement Parts**—Much of the inventory remaining after January can be converted back into raw material; some will have to be scrapped. A survey is now under way on this point. But a certain amount will have to be retained for manufacture of replacement parts. Indications are this job will be left to the independent parts manufacturers. Making of “original equipment” parts will probably be stopped to free the attention of major producers for armament work.

● **Build More Cars?**—Whether it will be necessary, during the war, to resume small-scale production of passenger cars for essential civilian uses is a question for the future. Leon Henderson thinks it won't. When the present pool is exhausted, there is the vast reservoir of used cars to draw on.



# Wanted: Rubber

Areas attacked by Japan account for 97% of supply. U.S. turns to synthetics, guayule, Latin America.

The American car owner who last week was told he could buy no more tires until the war is over may have been shocked but he couldn't have been very much surprised—not after a month of newspaper headlines about the battles of Manila and Singapore.

More than 97% of this country's rubber supply comes ordinarily from the Far East, and out of total rubber arrivals in American ports in a normal year, 40% come from Malaya and another 40% from the Netherlands East Indies. Just about half of Malaya has already fallen to the invaders. The Netherlands Indies are still completely in Dutch hands, but Nipponese troops now control the British-owned sections of Borneo and, if the Philippines fall, the Dutch know that their turn will be next. Even if Malaya and the Indies manage to stave off the invaders, rubber shipments are likely to be curtailed as a result of Japanese naval operations.

• **The Sources**—Just how each Far Eastern territory fits into the world rubber picture is best understood if 1941 world production is traced to the main suppliers. Of 1,391,000 tons produced that year, here are the main suppliers:

Country	Tons
Malaya	540,000
Netherlands East Indies	537,000
Ceylon	88,000
French Indo-China	64,000
Thailand	44,000
Sarawak	35,000
North Borneo	18,000
Others (Brazil, Liberia, etc.)	65,000

Not only does Japan threaten the two

principal sources, but she has already grabbed French Indo-China, Thailand, Sarawak, and North Borneo.

• **Rubber Stockpile**—As long ago as June, 1939, Washington, thoroughly alarmed over the continued Japanese threat to southeastern Asia, set out to build a stockpile of crude rubber for emergency use. Purchases were made by the Rubber Reserve Co., a subsidiary of the Reconstruction Finance Corp., which, on June 23, 1941, became the sole buyer of rubber for the entire United States.

Supplies held in this country at the outbreak of hostilities are estimated at a year's normal consumption (before curtailment), or somewhere between 600,000 and 800,000 tons. This entire supply will continue to be allocated to industry by the Office of Production Management. Some supplies from the Far East will continue to arrive by convoy in vessels which have carried military supplies to the forces that are now fighting in the Philippine and Singapore regions.

• **Reclaimed Rubber**—Rubber can be reclaimed as many as three times before it loses its "bounce" (BW—Jan.13'41,p14). Washington estimates that 500,000 tons of scrap rubber can be collected annually in the United States for several years. Actually, reclaimed rubber is being turned out now at the rate of 315,000 tons a year, probably can be stepped up to 350,000 tons a year within the next few months. Reclaiming is handled by established companies with facilities already in existence.

• **Synthetic Rubber**—Four tire companies—Firestone, Goodyear, U.S., and Goodrich—are already producing general purpose synthetic rubber. In addition special-purpose synthetic rubber is produced by such companies as E. I. du Pont de Nemours, which is expected to turn out 19,000 tons of neoprene in 1942.

Production of synthetic rubber in this

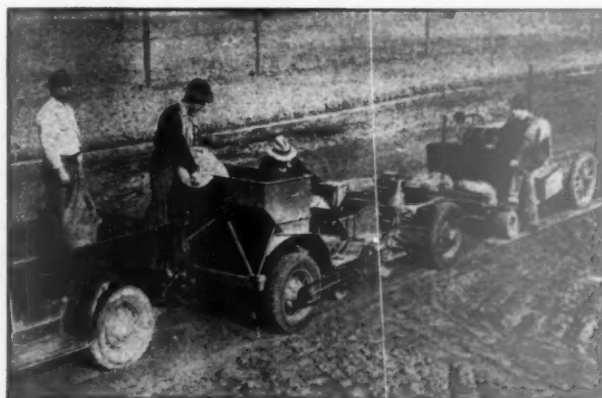
country in 1940 amounted to only 4,000 tons, jumped to 12,000 in 1941, and will probably reach 40,000 in 1942. Now that the emergency has become immediate, defense authorities are already talking about boosting synthetic capacity next year to a total of 120,000 tons, though insiders are skeptical that this can be accomplished before 1943, in part because of the special equipment required and in part because of the necessity to increase the output of such raw materials as butadiene, a petroleum or natural gas derivative, which is utilized in the making of the synthetic product.

• **Guayule**—There is no question that a large amount of satisfactory rubber can be produced in this country and Mexico from the guayule plant, but not in 1942 or 1943.

Guayule is a rubber-bearing desert shrub which the Intercontinental Rubber Co. has been developing since 1910, mainly in the region around Salinas, Calif., and in Mexico. In 1912, production ran to 10,000 tons. In 1942, it is not likely to amount to more than 7,000 tons (BW—Oct.5'41,p44).

• **Big Planting Planned**—Guayule can be harvested for its rubber content any time after it is two years old, reaches a maximum output—slightly less than a ton to the acre (BW—Oct.5'40,p45)—somewhere around the seventh year of its growth, can still be profitably harvested many years later. Bottleneck to any large-scale production in the immediate future is the shortage of seeds. A bill before Congress to finance production on 45,000 acres in California is likely to be passed in the next few weeks. Such a planting could provide the country with up to 40,000 tons of rubber in two or three years if the entire area can be cultivated intensively at once.

• **Latin American Rubber**—Small hope is placed in gathering any vast supply of natural rubber in Latin America in



Guayule, the rubber-bearing desert shrub, seemed like the answer to this country's rubber problem when war was declared—but the catch to dupli-

cating the big guayule fields near Salinas, Calif. (left) is a shortage of seed. Eventually, enthusiasts say there will be enough to make the coun-

try entirely independent of foreign sources of rubber. Meantime, farmers in the Southwest are busy planting as much as they can (right).

the next few years. Before 1910, the world's supply of crude rubber came principally from the Amazon valley, in Brazil, where the Hevea rubber-bearing tree was first discovered and latex was gathered in the jungles by natives. At its peak, the wild rubber tree brought in anywhere from 60,000 to 70,000 tons a year.

When, about this time, the vast plantations of the Far East began to produce, Brazil could no longer compete on a price basis and production dropped to around 15,000 tons a year. High rubber prices in the mid-twenties brought a feeble spark to the Amazon and production got up as high as 30,000 tons, then languished again.

● **Developing Latin American Source**—Washington, behind the scenes, is working on a plan which will stimulate the gathering of wild rubber throughout Latin America. But rubber specialists doubt if this region—Brazil, Venezuela, and the little countries of Central Amer-

ica—can turn out more than 45,000 tons in 1942, possibly 70,000 tons by 1944. But some scheme will be devised to encourage native tappers to scour the jungles for rubber and to make sure that United States buyers will be on the spot with cash to secure whatever comes down the rivers.

Latin America may some day solve our rubber question. The Ford plantations in Brazil are already being tapped, but production is still small. Goodyear has small experimental plantations in Costa Rica. The United States is co-operating in the establishment of small plantations in Haiti which may lead to the planting of 60,000 acres of rubber in the island. But, because it requires five to seven years of growth before trees are tapped for rubber, during the present emergency the most that can be expected from Latin America is a limited and precarious supply which will only help to eke out the most urgent defense demands of the United States.

## Get a Horse

That will be inevitable cry, in view of auto and tire decrees, but supply figures show it won't be as easy as it sounds.

"Your job lasts just as long as your tires," the bulletin board last week notified drivers of Chicago's big Wm. Fullerton motor truck service, which handles Sears, Roebuck & Co. local deliveries and other major accounts. Typical comment in the drivers' room: "Looks like they'll make teamsters out of us before we get through with this war."

● **Keeshin's Oat-Burners**—First sizable motor hauler to turn to horse-drawn vehicles was probably Keeshin Freight Lines (BW—Aug. 30 '41, p4). Val Crane, member of the plumbing family and owner of Wild Rose Farm at St. Charles, Ill., promoted the idea to John L. Keeshin and last summer sold him the first team of top quality Belgian mares. Since then, Keeshin has built up its Chicago oat-burner fleet to six units, has acquired a sizable horse-barn on the West Side, and is planning to have 10 more teams and wagons this month.

This equipment is used exclusively on close-in routes, where heavy traffic and frequent stops cancel the speed advantage of motor trucks. But Keeshin is very much aware that he may find it necessary eventually to extend the scope of his wagon hauling, not only to take in more Chicago territory but also to put horses on New York City routes.

● **Cost Comparison**—At the year's end, Keeshin accountants totted up the figures, reported to the management that it had cost an eyelash less to deliver a hundredweight of freight by horsepower than by motor in the congested district. Keeshin traffic men reported they had to talk a little faster to reconcile shippers to deliveries that were sometimes later than usual and to having pick-ups ready exactly on the dot (slow-moving wagons must follow the shortest routes and avoid any doubling back).

Keeshin operating men say they have been mildly plagued to send motor trucks into the horse district for special service, but that they expect these requests to subside as shippers get used to wagon schedules.

● **An Equine Comeback?**—Hauling experts discount such predictions as that made by Chicago City Clerk Ludwig D. Schreiber in his annual license summary. Schreiber foresaw a big 1942 comeback for the horse, although in 1941, as for 20 uninterrupted years, Chicago's use of horse-drawn vehicles shrank from the previous year. In 1940, there were 1,347 one-horse vehicles, in 1941 only 1,097; two-horse vehicles, despite Keeshin's

## THE LINE IS BUSY

Case study of why some sort of rationing of long-distance telephone calls is in the works (page 8) in Washington, D. C. Ever since the defense program moved in on the Capital City, long-distance calls to and from Washington—vital contacts between government and industry—have been multiplying rapidly.

At the end of 1939 the average number of long-distance calls handled daily by the Chesapeake & Potomac Telephone Co. through its ever-busier switchboards (right) was 9,554. In 1940, that figure rose to 13,058—and in 1941, it leaped to 23,900, an 83% increase over 1940. Outbreak of war means inevitably an even bigger record in 1942.

Similarly, the average number of local calls a day, the number of workers employed by the company, and the number of telephones in service in the city have risen. The average number of local calls per day, for example, increased from 1,399,900 at the end of 1939 to 1,914,500 in 1941.

As for the job situation, the telephone company had 181 toll and other switchboard positions available for handling long-distance calls on Jan. 1, 1940. This New Year's, the number was 503—nearly three times the former number. Experienced long-distance operators have been borrowed from Bell exchanges in other cities.

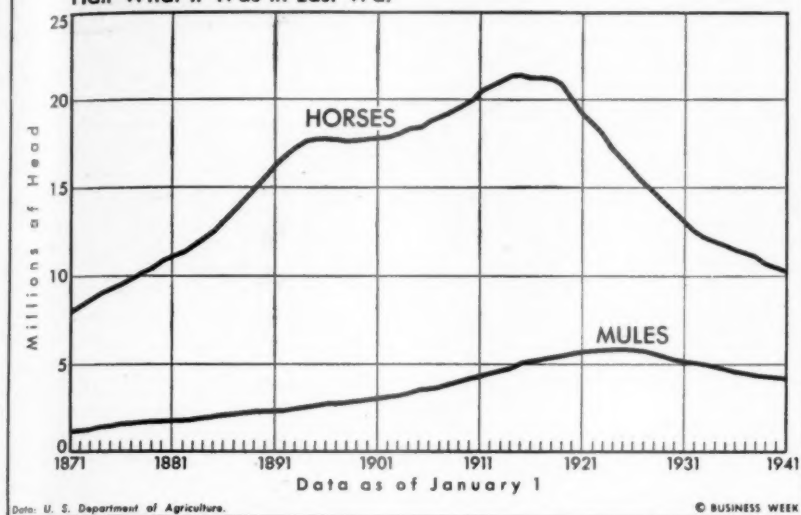
Two years ago, the greater bulk of long-distance calls out of the city was handled by one office; now, as a protective measure, the handling of



long-distance calls has been decentralized. Twelve centers are scattered throughout the metropolitan area.

Much the same situation exists nationally, although the increase figures are, naturally, nowhere nearly as great as those in Washington. In 1941, the principal subsidiaries of the American Telephone & Telegraph Co. included in the Bell System handled well over 1,000,000,000 long-distance calls, an increase of about 15% over 1940. And in 1941, the same companies reported a total of 18,840,000 telephones installed throughout the country—a net gain of 1,361,000 over 1940. All telephone companies reported a total of about 23,430,000 instruments in use.

## THE EQUINE POPULATION— Half What It Was in Last War



Impact of the motor age on the use of horses in this country stands out sharply in this chart showing the sharp downtrend in numbers on farms since

the last war. Now, as rationing of light trucks turns back the calendar, there develops a very obvious likelihood of a horse shortage.

half dozen, dropped from 56 to 17. Obvious reason why one-horse wagons decreased by 250: Doorstep milk took a beating from store milk, and dairymen cut wagon routes radically.

Wayne Dinsmore, long-time secretary of the Horse & Mule Association of America, earned Country Life's 1941 award of Horseman of the Year for his consistent promotion of animals against the encroachments of gasoline power. Yet even Dinsmore sees no likelihood that any increase in use of horses for urban hauling will be large or permanent—unless the government forbids motor trucks for short hauls.

• **Unwilling to Bother**—Dinsmore's figures show that, to save a little expense, haulers refuse to bother with two sets of equipment not interchangeable in service. Only about 400,000 horses and mules were in nonagricultural use in 1940. Most of these probably work in mines and lumber camps and on road contracts. City horses are hitched principally to milk and peddler wagons.

There are fewer horses and mules in the United States than for many decades (chart above). The Department of Agriculture reported that horses, including colts, on farms as of Jan. 1, 1941, numbered an estimated 10,364,000; that mules numbered 4,238,000. Each figure represented a decline of 2% from the preceding year. Census figures in 1940 showed that the colt population was 40.3% below the number needed to maintain the horse population at its existing level, that there was a deficiency of 76.6% in mule colts.

• **No Short-Range Answer**—An increase in the equine birth rate is now expected, but it can supply no short-range answer for the shortage. It takes 35 months from breeding the mare to putting the 2-year-old to work, and the young horse does not reach his peak work capacity until he is five years old.

Because most horses are on the farms, and farmers will be hit by labor shortage and curtailment of tractor output, more horses will be needed on farms than last year. But it is a safe bet that large numbers of horses will be sold into town, because animal power is un-

believably flexible compared with mechanical power. Better feeding can greatly increase the work capacity of many farm horses, thus releasing some for sale. Also, spring work can be started earlier than usual, and the farmer will cheerfully work himself and his horses longer hours for the money that sale of some of his teams will yield.

• **Farmer Prefers Tractors**—Every fact indicates that when farm machinery is available, the American farmer plainly prefers tractors, despite the most convincing figures adduced by the horse advocates about lower costs and greater fertility from animal power. But now the farmer may have to turn to horses.

Oddly enough, despite this prospect, horse and mule prices have not yet shown any real stiffening. The reason is an old rural custom: To save feed and care, farmers put off buying draft animals until the work season opens, anywhere from February to April, depending on latitude. Horse prices accordingly rise in spring; a fat farm horse with harness marks normally costs \$40 more by early plowing than he cost the preceding October. Horsemen are guessing that there will be more than a seasonal increase in demand and prices, starting next month.

• **Present Prices**—Top draft animals with lots of snap and looks today are worth around \$600 a pair. Good grade Belgian or Percheron geldings bring about \$400. A work team that is merely good costs around \$300. A useful farm work horse can be had for \$100.

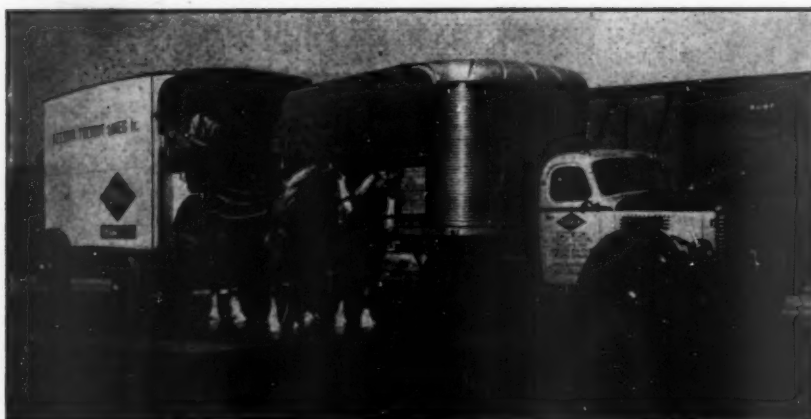
Getting a usable horse vehicle is still another problem; few concerns manufacture such equipment. A light spring wagon of 1,000-lb. capacity will cost (according to Mr. Dinsmore) about \$120, heavier wagons \$20 to \$50 more. Cost of feeding, bedding, and shoeing a horse is figured at about 50¢ a day.

A probable source of increased de-



With restrictions on tires and machinery, traders expect increasing demand for horses and already are filling their stables with animals to sell.





Keeshin Freight Lines as long ago as last summer started using horse-drawn trucks on some of its downtown Chi-

cago routes—rigs, drawn by Belgian mares, that compare favorably in appearance with replaced motor trucks.

mand for horses is military, though this has not yet appeared. Whether the Army buys more horses and mules this year will depend upon where troops are expected to fight. In northern Africa, motor vehicles are best. In tropical jungles, lots of pack mules and a good many horses would be required. The United States has a relatively small horse contingent, as shown by figures released as of Dec. 1, 1941, by Maj. Gen. John K. Herr, Chief of Cavalry:

	Cavalry mounts (in thousands; 000 omitted)	Draft & pack (in thousands; 000 omitted)
Russia .....	200	800
Germany .....	50	910
Japan .....	50	325
U.S.A. ....	25	12

Our Army has 13,000 more animals on hand in remount depots and for administrative purposes. There is as yet no sign of a speed-up in purchasing. General Herr's figures show purchases and authorizations as follows:

	Fiscal 1941 Purchases	Fiscal 1942 Authorized
Riding horses .....	22,720	4,785
Draft mules & horses ..	1,333	342
Pack mules .....	4,096	1,799

## FOR POSTERITY

In flush and optimistic 1927, a group of Denver business men subscribed \$200 to be used as the seed for a \$20,000,000 endowment fund for the Denver Community Chest, in 250 years. The money was to be invested and reinvested and it looked possible, then, to so increase it. They even stipulated that \$15,000,000 was to be put into building, \$5,000,000 into endowment.

Recently the Denverites re-examined their thesis. They petitioned Probate Judge C. Edgar Kettering to authorize the American National Bank, Trustee, to turn over the accumulated fund to the 1941 Community Chest. Petition granted, the bank turned over exactly \$269.15.

## Latin Film Fare

Motion pictures enlisted in job of selling the U.S.A. to hemisphere neighbors and vice versa. Business ties stressed.

Good-neighbor radio broadcasts to Latin America having been duly established, Nelson Rockefeller's Office of Inter-American Affairs now brings the motion picture industry into action. Last week there were film moves in both directions. From Caracas, Venezuela, came word of a camera expedition, sponsored by the Foreign Policy Association, which is taking pictures for showing in the U. S. In New York, the Rockefeller committee released preliminaries of a program for showing nontheatrical American motion pictures in the Latin republics.

• **Industrial Subjects**—Most interesting to business men is the distribution of 16-mm. movies of industrial and educational subjects. These will be exhibited all over South and Central America by committees set up in each country by the State Department. The operation will be handled by Phil Reisman, vice-president of RKO Corp. The government has provided money for the necessary projectors. Pictures will be shown at schools, clubs, before other nontheatrical audiences.

Productions are sound-tracked in Portuguese for Brazil, in French for Haiti, in Spanish for other countries. First group of pictures, already shipped, dramatizes military and scientific resources. They include "Airacobra," showing the new Bell fighter plane; films of the U. S. Navy in action; "Aluminum and the Two Americas;" other reels on sports, science, health. Many additional non-dramatic films will be shipped as soon

as they can be edited and supplied with new sound tracks.

• **Work for Disney**—Walt Disney also enters the picture. Last year he was in South America, making part of the tour with John Hay (Jock) Whitney, who is director of the film division of the Rockefeller committee. Disney agreed to help intercontinental relations by introducing a comedy Brazilian parrot (Parrudo) into his movie cartoons. He also signed Molina Campos, Argentina's favorite comic artist. Campos' characterizations of toothy gauchos (on calendars advertising Alpargatas work shoes) are collected yearly by thousands. He will recreate gaucho personalities for the Disney films.

While Disney was in South America his big new studio cracked under the strain of the \$2,500,000 Fantasia and losses from labor troubles. He returned to the U. S. last fall. Recently he closed a large part of his studio and laid off many artists. Week-before-last Uncle Sam extended a helping hand.

• **Part of Studios Leased**—Following conferences with Whitney and Treasury Secretary Morgenthau, the government agreed to lease a large section of the Disney studios, complete with staff. Whitney's Inter-American office will operate this part of the pen-and-ink plant but Disney will donate half his time to supervise federal picturizations. Films for Latin America will be an important part of the work. However, facilities will be available for other government activities. Disney already was busy on films for the Treasury Department.

Meantime a committee of the movie industry is watching the regular Hollywood dramatic productions in an attempt to guard against pictures offensive to touchy sensibilities.

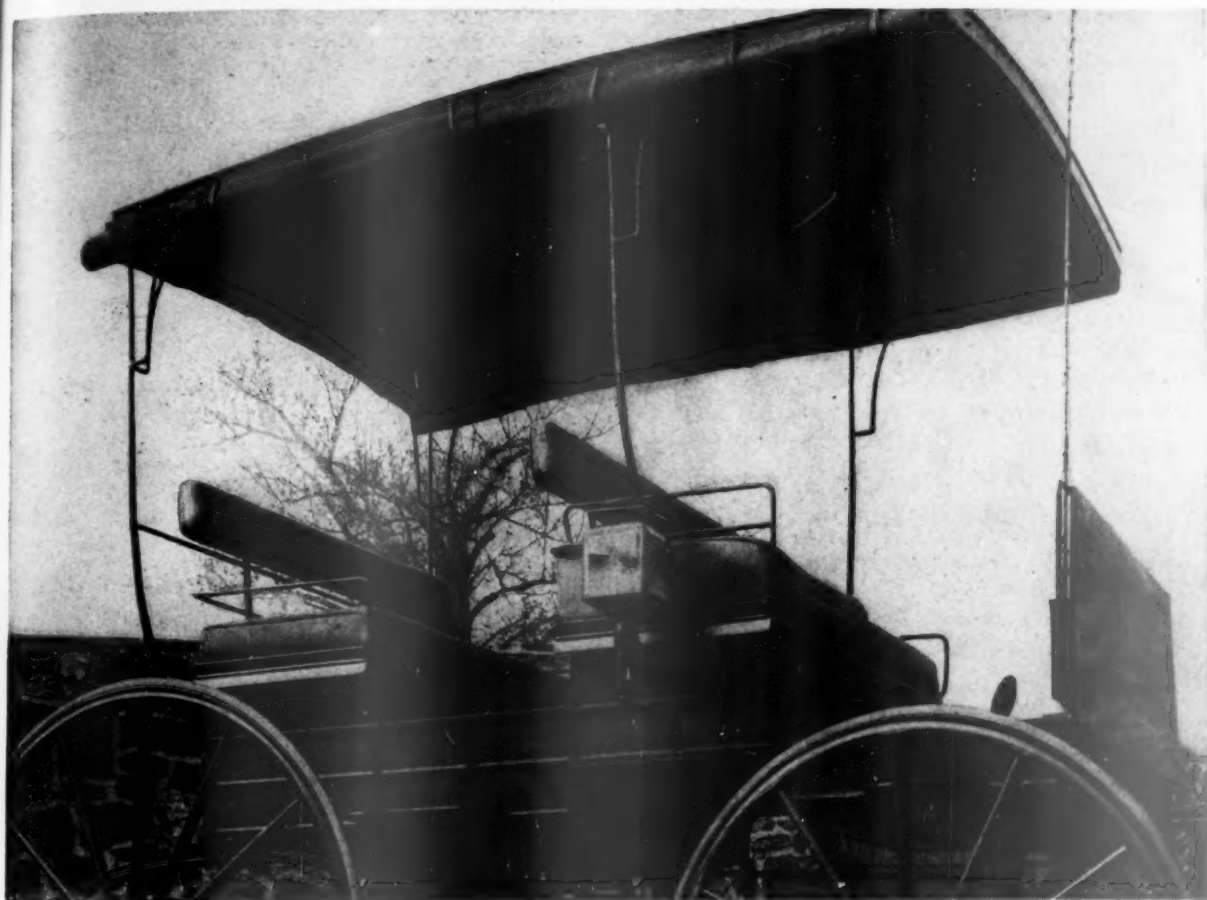
• **A Lesson Learned**—When the first burst of enthusiasm for Latin America swept across movietown, the companies fell all over each other in rushing out films with South American themes. In at least six of these, the details were strictly Hollywood and the howls they provoked were such that the industry classified them as "bad-neighbor pictures."

One of the worst was Down Argentine Way, a 20th Century-Fox musical that drove Argentines into a frenzied clamor because it contained (a) no Argentine music, (b) slurs on Argentine culture. Everybody has breathed more freely since the industry has come to realize that Latin Americans want North American themes, such as appeal to domestic audiences.

• **For U. S. Consumption**—The Foreign Policy Association expedition, which is to film South America for U. S. consumption, was scheduled to push off from Caracas Jan. 1. It is in charge of Willard Van Dyke, who heads Documentary Film Productions, Inc., New York, makers of nontheatrical pictures.



"Unforeseen events . . . need not change and shape the course of man's affairs"



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The Rockefeller committee advised on the preliminaries. Funds consist of \$40,000 from the Alfred P. Sloan Foundation. Shooting will take six to nine months.

The film will feature agricultural and raw-material resources of South America

with a view to showing North America logical lines of development.

• **How to Sell Goods**—Theme of the picture is that the U. S. must help raise the standard of living in South America if it expects to sell more goods in that market. Plan is to show the Ford rubber

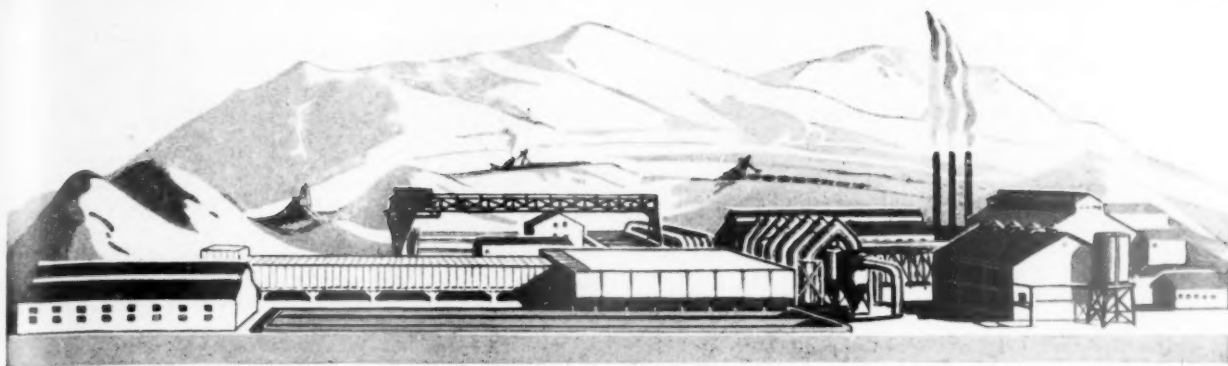
plantation in Brazil, research in plastics from coffee, construction of Brazil's new steel mill, progress on the Pan-American Highway, and similar new activities. The picture will be distributed by the Educational Film Institute of New York University.

## War Fattens Unemployment Compensation Funds

As the result of the war boom in employment, collections by state unemployment compensation commissions are rapidly increasing, while benefit payments are decreasing. States (on the average) are taking in \$3.30 for every dollar they are paying out. In 1939, the ratio was only \$1.92 to \$1. What's more, the average reserve for all the states is 4.44 times as

great as the highest benefits paid in any single year since the institution of nationwide unemployment compensation. But, as the table readily shows (last column), variations between states are wide—from 1.15 times in Nevada to as high as 10.96 in the District of Columbia, 10.48 in New Jersey, and 10.35 in Delaware.

	1939			Jan. to June, 1941			July to Sept., 1941			How Funds Stand Now		
	Collections	Benefits	Ratio of Collections to Benefits	Collections	Benefits	Ratio of Collections to Benefits	Collections	Benefits	Ratio of Collections to Benefits	Funds Available for Benefits	Highest Paid in Any Year	Ratio of Funds to Highest Yearly Benefits
	In thousands	In thousands		In thousands	In thousands		In thousands	In thousands		In thousands	In thousands	
Alabama.....	\$8,497	\$4,285	1.98	\$5,774	\$1,700	3.40	\$2,375	\$736	3.23	\$23,259	\$8,128	2.86
Arizona.....	2,154	1,519	1.42	1,142	451	2.53	685	202	3.39	4,375	1,902	2.30
Arkansas.....	3,434	1,816	1.89	1,788	1,402	1.28	965	529	1.22	7,503	2,975	2.52
California.....	77,326	38,546	2.01	41,629	32,262	1.29	24,302	9,888	2.46	183,842	64,969	2.83
Colorado.....	5,040	3,465	1.45	2,419	1,570	1.54	1,250	385	3.25	11,896	4,169	2.85
Connecticut.....	16,684	5,126	3.25	12,116	1,380	8.78	5,425	521	10.41	58,974	12,254	4.81
Delaware.....	2,388	711	3.36	1,286	334	3.85	742	80	9.28	8,722	843	10.35
Florida.....	6,486	3,503	1.85	4,259	2,040	2.09	1,942	2,153	.90	14,345	6,362	2.25
Georgia.....	8,019	3,238	2.48	4,768	1,413	3.37	2,881	801	3.60	29,093	4,436	6.56
Idaho.....	2,001	2,193	.91	1,031	1,229	.84	561	109	5.15	3,024	2,193	1.38
Illinois.....	68,132	16,783	4.06	36,922	15,684	2.35	21,092	6,600	3.20	229,545	43,565	5.27
Indiana.....	20,900	10,217	2.05	12,298	2,710	4.54	6,924	1,293	5.35	60,170	16,309	3.69
Iowa.....	8,187	5,224	1.57	3,962	1,872	2.12	2,233	379	5.89	20,921	5,224	4.01
Kansas.....	5,441	2,288	2.38	2,523	975	2.59	1,463	392	3.73	16,785	2,288	7.34
Kentucky.....	11,095	4,863	2.28	5,870	1,498	3.92	3,121	627	4.98	37,145	4,863	7.64
Louisiana.....	9,808	5,934	1.65	4,853	3,277	1.48	2,549	2,140	1.19	19,910	6,730	2.96
Maine.....	4,094	3,027	1.35	2,209	937	2.36	1,301	254	5.12	6,435	4,535	1.42
Maryland.....	12,108	5,747	2.11	7,555	2,468	3.06	4,352	1,421	3.06	29,660	10,144	2.92
Massachusetts.....	37,766	19,651	1.92	21,351	9,777	2.18	12,125	4,252	2.85	99,259	31,150	3.19
Michigan.....	45,157	37,114	1.22	31,436	5,567	5.65	18,120	5,899	3.07	109,857	39,903	2.75
Minnesota.....	14,285	7,598	1.88	5,310	5,114	1.04	2,740	834	3.29	26,492	9,746	2.72
Mississippi.....	2,208	1,444	1.53	1,615	914	1.77	844	389	2.17	5,257	2,200	2.39
Missouri.....	19,567	5,461	3.58	11,176	2,573	4.34	6,010	1,317	4.56	72,626	7,259	10.00
Montana.....	2,746	765	3.59	1,446	2,011	.72	723	279	2.59	5,408	3,147	1.72
Nebraska.....	3,919	1,304	3.01	1,050	946	1.11	464	151	3.07	9,943	1,840	5.40
Nevada.....	947	815	1.16	496	614	.81	284	104	2.73	1,283	1,117	1.15
New Hampshire.....	2,846	1,549	1.84	1,558	643	2.42	714	160	4.46	7,603	2,732	2.78
New Jersey.....	45,764	14,906	3.07	27,992	6,803	4.11	16,427	3,932	4.18	167,270	15,965	10.48
New Mexico.....	1,429	1,226	1.17	716	527	1.36	400	131	3.05	2,988	1,226	2.44
New York.....	116,235	80,019	1.45	67,816	38,104	1.78	38,456	17,448	2.20	260,290	98,798	2.63
North Carolina.....	11,147	4,395	2.54	7,055	1,591	4.43	1,279	966	1.32	30,732	8,216	3.74
North Dakota.....	987	545	1.81	288	413	.70	228	50	4.56	2,206	619	3.56
Ohio.....	55,427	23,662	2.34	32,955	7,689	4.29	19,558	2,010	9.73	207,829	24,587	8.45
Oklahoma.....	5,587	4,241	1.32	3,187	1,555	2.05	1,717	486	3.52	19,966	4,241	4.71
Oregon.....	5,670	4,053	1.40	3,613	1,751	2.06	2,835	356	7.96	14,677	5,916	2.48
Pennsylvania.....	78,587	54,602	1.44	44,650	15,539	2.87	25,875	4,057	6.38	185,654	71,545	2.59
Rhode Island.....	3,171	5,746	1.42	5,958	2,008	2.97	3,649	822	4.44	18,707	9,293	2.01
South Carolina.....	3,849	2,143	1.80	2,907	772	3.77	1,613	438	3.68	15,040	2,474	6.08
South Dakota.....	1,126	394	2.86	427	232	1.84	171	52	3.29	3,524	394	8.94
Tennessee.....	8,696	4,578	1.90	5,033	2,314	2.18	2,818	1,201	2.35	18,707	6,197	3.02
Texas.....	22,567	10,707	2.11	7,579	3,326	2.28	3,774	1,314	2.87	62,604	10,707	5.85
Utah.....	2,687	1,694	1.59	1,457	690	2.11	753	333	2.26	5,234	2,461	2.13
Vermont.....	1,526	574	2.66	808	367	2.20	434	39	11.13	4,128	914	4.51
Virginia.....	10,099	4,488	2.25	5,190	1,690	3.07	2,322	759	3.06	24,792	5,863	4.23
Washington.....	8,936	6,146	1.45	6,015	3,951	1.52	3,472	645	5.38	27,749	9,453	2.94
West Virginia.....	9,974	4,213	2.37	5,318	1,758	3.03	2,985	734	4.07	25,235	12,065	2.09
Wisconsin.....	14,620	3,567	4.10	5,422	1,407	3.85	3,216	719	4.47	64,755	9,406	6.88
Wyoming.....	1,396	1,154	1.21	632	513	1.23	306	66	4.64	2,503	1,219	2.05
District of Columbia..	6,763	1,423	4.75	2,931	1,319	2.22	1,749	416	4.20	23,091	2,107	10.96
United States.....	824,879	429,298	1.92	467,157	195,988	2.38	260,811	78,933	3.30	2,300,527	518,700	4.44



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## Packers' Defense

"Not guilty" pleas entered by 118 defendants in case about price of Easter hams. Spokesmen regard charges as silly.

Last summer at Chicago a federal jury indicted a long list of companies and individuals connected with the meat industry, charging them with conspiring to boost the price of hams sold as an Easter delicacy (BW—Aug. 23 '41, p. 34). Last week 118 defendants came into court and entered pleas of not guilty.

• **Charges Ridiculed**—Packers say they are too busy with urgent war needs to be dragged away from packing-house problems to answer charges which they consider both baseless and trivial. Of the four sets of meat antitrust indictments returned at Chicago since last June (BW—Dec. 6 '41, p. 83) the industry believes the Easter ham case the silliest.

Even if Easter-week ham sales at retail are double the year-round weekly average, they say this is still a flyspeck in their total industry volume. Sideline observers are betting that the ham case will never come to trial, but will be kissed off by the government over Thurman Arnold's protests.

• **An Old Custom**—Packers call the charge that they conspired to withhold sales of hams until four weeks before Easter, thus boosting prices, a flight of Antitrust Division fancy. Their own version is that, contrary to the trade practice prevailing during the rest of the year of selling only for prompt delivery, in some way there developed many years ago a practice of booking contracts as much as six months before Easter for ham to be delivered then.

Because these sales were made at prices prevailing on date of sale, the sellers say they took a terrible beating. Whenever the price of ham sagged in the fall or winter, dealers rushed to cover their needs for Easter and several subsequent weeks. Then, if prices rose, the packers had to deliver. But if prices fell meanwhile, many retailers welshed and left them holding the bag.

• **Producers' Slant**—Livestock producers are forever gunning for industry practices that encourage speculation. They claim that speculation tends to depress prices paid to farmers for animals. When producers yelped about forward selling of Easter hams and the agitation became really hot, packers declare that they individually grasped the welcome opportunity to scuttle this costly abuse. They claim that the closest they came to conspiring was to read trade-paper editorials—and listen to industry-convention orators damning the forward-contract practice, while government men sat in the meetings and joined in the applause.



## FOR WAR SERVICE

Once "Queen of the Atlantic," the former French liner *Normandie* is being readied for service with the U. S. fleet as a naval auxiliary vessel. Not only is the former luxury liner getting a new coat of gray war paint, but a new name as well—the *Lafayette*.

## More Air Stops

Three leading lines juggle New York-Chicago schedules so as to pick up more intermediate passengers, boost revenues.

The three biggest U. S. airlines this week rejiggered service between the two biggest U. S. cities. American Airlines, Transcontinental & Western Air, and United Air Lines coordinated their nonstop New York-Chicago schedules as of last Monday to eliminate duplicate departures. In the process, they spaced out departures so that the traveler gets a wider choice of times than before. The nonstop timetable is now:

Westbound	Eastbound
9:00 a.m. U.A.L.	9:00 a.m. U.A.L.
12:00 noon A.A.	12:00 noon A.A.
12:05 p.m. T.W.A.	12:05 p.m. T.W.A.
4:00 p.m. A.A.	3:00 p.m. U.A.L.
5:00 p.m. U.A.L.	4:00 p.m. A.A.
5:15 p.m. T.W.A.	5:05 p.m. T.W.A.

• **Greater Efficiency**—This achieves a more efficient use of equipment. Net effect is to provide six nonstop trips daily in each direction instead of nine. The transport planes are being used to add three trips a day between the same terminals, with intermediate stops. There are now 31 such trips daily in each direction.

An important advantage not obvious to the layman is that this move increases

the payload of the planes, because it is permissible to sell more seats on a trip where refueling is possible en route. The farther a transport plane is flown nonstop, the greater the proportion of its total capacity is required for carrying gasoline, thus cutting down its payload.

• **How It's Figured**—Operating rule of thumb places  $3\frac{1}{2}$  hr. as about the limit for flying an ordinary transport ship, under average weather conditions, with an average load of mail, express, and an adequate fuel reserve, and 21 passengers. Given average weather, on a 4-hr. to 5-hr. nonstop trip, it may be necessary to carry two or three seats vacant. Nonstop schedules between Chicago and New York range from 3 hr. and 33 min. to 5 hr., according to direction and equipment used. But intermediate hops on these lines, such as Chicago-Pittsburgh or New York-Cleveland, are scheduled well within the 3-hr. limit.

## Lumber Decree

National and 22 regional groups sign in Denver, binding 20,000 dealers to follow rules imposed by the government.

All organized lumber dealers in the United States, save in Nebraska and western Pennsylvania, are now bound to follow trade practices sanctioned by the government. This results from a consent decree entered in the U. S. District Court in Denver last week. The decree was signed by lawyers representing the National Retail Lumber Dealers Assn. and 22 regional associations enrolling more than 20,000 dealers.

• **Significance of Decree**—James McI. Henderson, in charge of the Antitrust Division's six-state office in Denver, said that the decree was the first to attempt to cover on a national basis an industry as widespread and disintegrated as the lumber business.

The Rocky Mountain Lumber Dealers Assn. and the National signed the decree after pleading *nolo contendere* to antitrust indictments brought last April (BW—Apr. 26 '41, p. 30) and incurring fines totaling \$6,905. After the nolo pleas, the government filed a civil action against the whole group of lumber associations to set the stage for the consent decree.

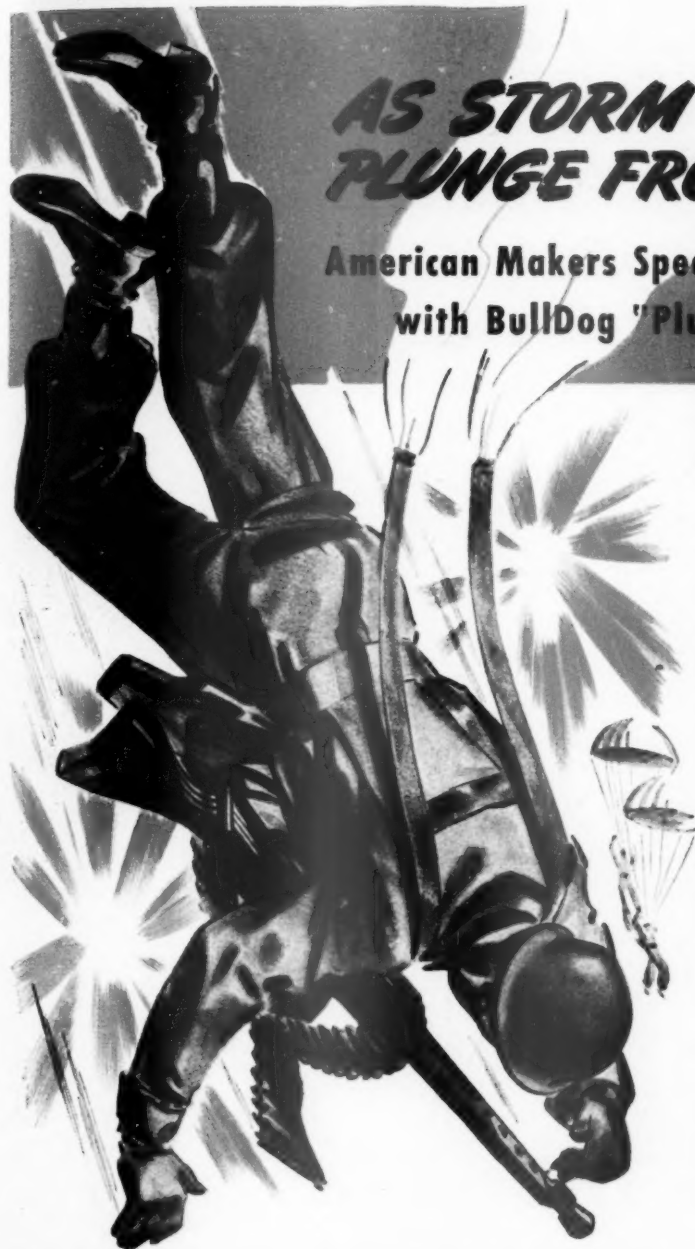
• **What They Can't Do**—The decree was speeded by the lumber dealers' desire to learn what they could do in concert to help get on with the war. What they cannot do is now made clear by the terms of the decree. They cannot do anything to divide up territories, markets, or customers, or to fix prices, or to discriminate against particular dealers or purchasers of building products.

In addition to noting that the decree



# AS STORM TROOPERS PLUNGE FROM THE SKIES

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**E**VERY minute—every second—of production time is precious to America's munition manufacturers. No longer can they waste a single minute on easily avoidable delays caused by old-fashioned, inefficient light and power distribution.

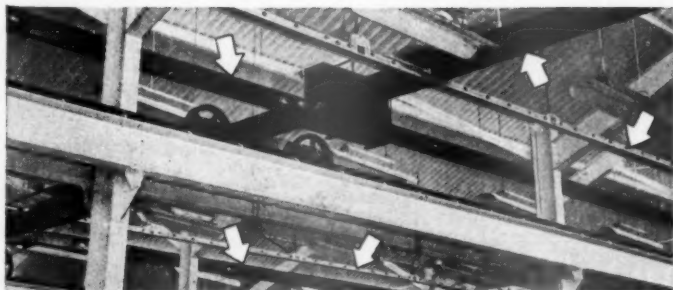
That's why more and more armament makers are turning to BullDog "plug-in" Bus Duct Systems—the only complete, co-ordinated line of flexible electrical distribution systems which assure ready light and power wherever and whenever needed. With these systems, hooking up new equipment is as simple and easy as plugging in the breakfast toaster.

#### Designed for Mass Production Methods

BullDog Bus Duct Systems were developed for mass production—by mass production experts. They are simple and quick to install—built in standardized, interchangeable sections which need only be bolted together. It's just as easy to dismantle and move them. They are completely salvageable and reusable anywhere.

There are three BullDog Bus Duct Systems—BUStriduction DUCT, in "Plug-in" and "LO-X" (low reactance) types, for power; Universal Trol-E-Duct, for light, and Industrial Trol-E-Duct, for Production Lines or Assembly Benches. Each can be used singly, or in combination. Widely used with them, in defense plants and in industry generally, is the complete line of BullDog standard products—Vacu-Break Safety Switches, Light and Power Panelboards and Switchboards.

If you are planning a new unit or new plant, or if you must remodel a unit to keep pace with wartime production demands, write for descriptive bulletins on BullDog's "plug-in" Bus Duct Systems. Better yet, ask to have a BullDog engineering representative call on you.



This photograph in a great new machine tool plant shows a main run of BullDog 1500 ampere "Plug-in" Type BUStriduction DUCT. Branching off to right and left from the SafToFuse Cubicle in center are runs of 250 ampere BUStriduction DUCT, while 1000 ampere and 375 ampere runs are used elsewhere in the plant—all for furnishing power to grinders, milling machines and other equipment used in the manufacture of vertical boring lathes. Also visible are two of the sixteen runs of BullDog Industrial Trol-E-Duct which parallel and furnish mobile power for electric cranes.

**BULLDOG**  
ELECTRIC PRODUCTS CO.

DETROIT, MICHIGAN

BullDog Electric Products of  
Canada, Ltd., Toronto, Ontario



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did not cover Nebraska and western Pennsylvania, Henderson pointed out that trade practices in California, Florida, Texas, Virginia, and Georgia are covered by Federal Trade Commission cease-and-desist orders.

• **The Score to Date**—The fines imposed

on the National and Rocky Mountain associations raised to \$85,225 the total of fines assessed in a series of Denver antitrust cases which included one against W. C. Bell Services, Inc., of Seattle and individual lumber dealers, finished by nolo contendere proceedings

in October (BW—Nov. 1'41,p42), and one against cement makers and dealers, on which a jury disagreed (BW—Sep. 27'41,p8).

The government has yet to get a Sherman Act conviction in the Rocky Mountain area.

## WAR BUSINESS CHECKLIST

### Washington's Significant Orders on Materials and Prices

• **Shipping** — Transportation Commissioner Ralph Budd has asked that commercial export shipments not be moved into any port until a definite allocation of steamship space has been obtained and not more than 10 days before the space is available.

SPAB has directed OPM to grant priority aid in the manufacture, during February, March, and April of 36,000 freight cars and of all locomotives now on order or scheduled for production for stock, consisting of 248 steam, 58 electric, and 620 diesel.

• **Textiles**—Ceilings on manufacturers' prices of wool floor coverings, established by schedule 57, are increased 5%.

Schedule 65 freezes distributors' and importers' prices of wool rugs and carpets for 60 days. No distributor may sell at a price higher than the highest charged between Oct. 1 and 13, 1941. Imported wool floor coverings of all types except hand-knotted rugs are frozen at the highest net price received during December.

Amendment of the burlap order, M-47, specifies that the two-thirds of imports which, under M-47, must be set aside, shall be distributed as follows: On orders rated A-1-j or better, on Army or Navy orders for sandbags or camouflage cloth, on orders of the Defense Supplies Corp. or other RFC affiliate, on orders placed by a nonimporting bag manufacturer to fill Army, Navy, or A-1-j rated orders.

OPA has obtained from the Navy an agreement that bids on cotton goods will be received on terms of a discount from the ceiling price applicable on the day the contract is awarded.

• **Fats and Oils**—No deliveries of most fats and oils may be made to a manufacturer or processor, according to order M-71, in amounts which will raise his inventories above three times his consumption in December, 1940 or 1941, or the average month of 1941, whichever is higher. The order applies to all of the raw, crude and refined fats and oils, their by-products and derivatives, and greases except essential oils, mineral oils, and butter.

Prices of fats and oils, defined as above, are allowed, by amendment of Schedule 53, to go as high as on Oct. 1. Previously the lid had been based on Nov. 26 quotations. Soybean and linseed oils, which were out of line with cottonseed oil on Oct. 1, are permitted to go  $\frac{3}{4}$ ¢ over prices of that date. Other

fats and oils are put under ceilings which represent a choice between two levels—Oct. 1 quotations or 111% of the price on Nov. 26.

• **Stoves**—Supplanting an informal agreement, Schedule 64 establishes ceiling prices of domestic cooking and heating stoves. Price of regular line stoves is set at 112% of the lowest price quoted between Jan. 15 and June 1, 1941. Private-brand stoves may not exceed 112% of the lowest price charged during that period. These prices are about 2% higher than provided by the informal agreement. Cost-plus contracts made before Jan. 2, 1942 may be executed but future contracts must be approved by OPA. Prices of new models (not built during the base period) must be approved by OPA.

• **Elevators**—A rating of A-2 is granted manufacturers of elevators, escalators and dumb-waiters under order P-91. The order uses the procedure of the Production Requirements Plan; application is made on form PD-23a and the rating is granted for specific quantities of material over a three-month period.

• **Building Supplies** — Distributors of plumbing, heating, and electrical supplies who are located in the eastern or central standard time belts are not allowed, under order M-67, to accumulate inventories greater than one-sixth of the dollar value of 1941 sales. Distributors located elsewhere are limited to three-twelfths.

• **Mining Machinery**—Order P-56-a, superseding order P-23, brings priority aid to manufacturers of mining machinery under a procedure similar to that of the Production Requirements Plan. Upon application on form PD-25-a, manufacturers of specified types of mining machinery may obtain an A-3 rating for deliveries of specified quantities of material in the first quarter of 1942.

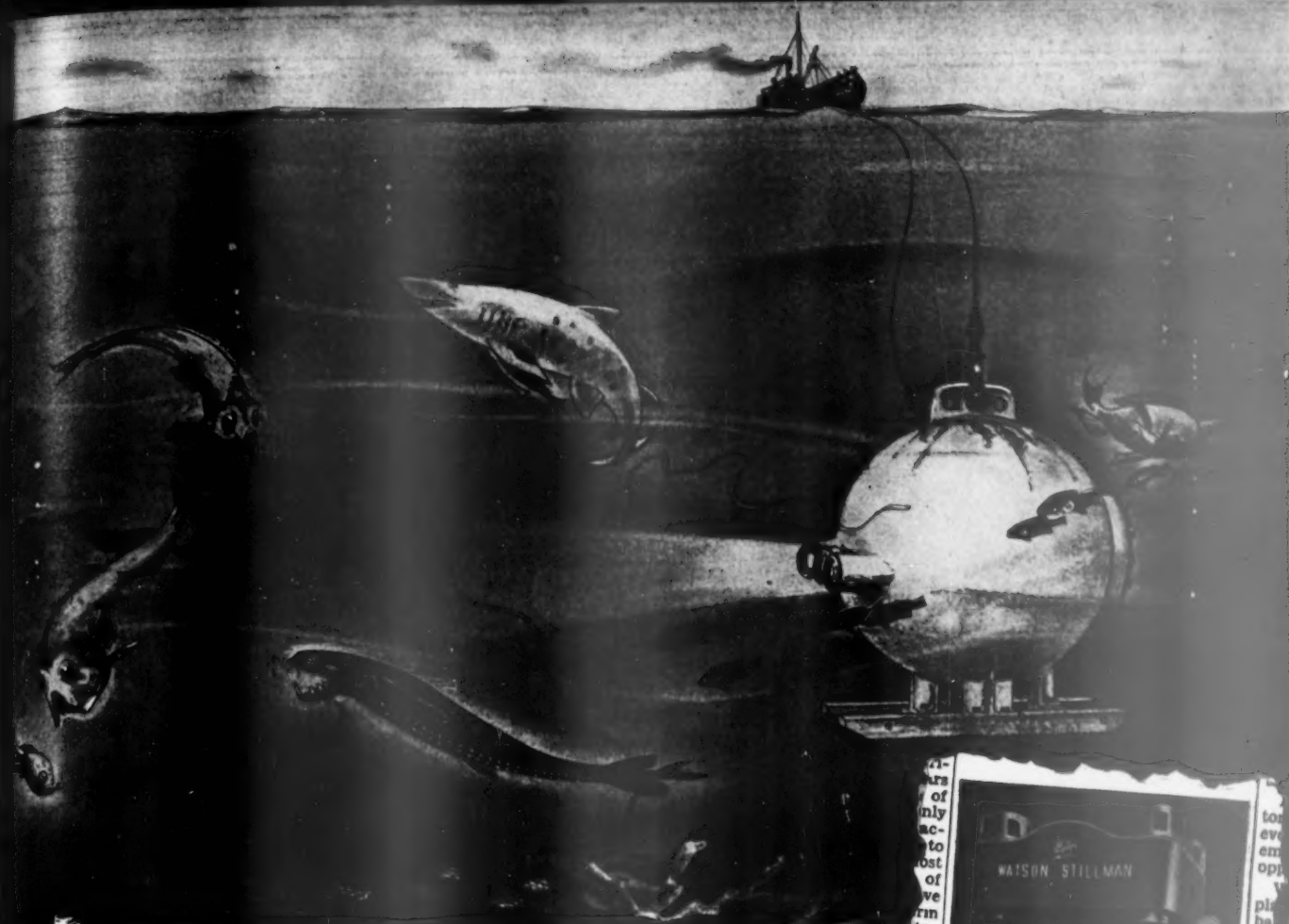
• **Office Furniture**—Order L-13, curtailing use of steel in office furniture, has been extended to Mar. 31 with minor changes. Manufacturers are permitted to exceed their quotas in any month in order to fill defense orders provided they make a corresponding reduction below quota the following month; however, the reduction need never exceed 50%. Metal lockers, shelving, and posture-type stenographic chairs have been included

in product group I, for which the reduction required is least.

• **Acetic Acid**—A single price of 6.93¢ per lb., f.o.b. works in tank cars, is established by amendment of Schedule 31 for acetic acid, whether of wood or synthetic origin. Increases, ranging from 20¢ to 70¢ per 100 lb. are permitted on sales of carload quantities of barrels or drums. A separate schedule is established for barrel and drum sales in western territory, setting prices ranging from \$7.29 to \$16 per 100 lb.

• **Other Price Actions**—Manufacturers' prices of cigarettes are frozen at Dec. 26 levels by Schedule 62 (BW—Jan. 3'42,p8). . . . Green coffee schedule, No. 50, is amended to permit addition of brokers' commissions in secondary markets as well as at port of entry. Aggregate commissions on any transaction may not exceed 1%. . . . Irrespective of existing contracts, deliveries of iron and steel scrap after Dec. 23 are subject to amendments of that date to Schedule 4. . . . Permission granted by OPA Dec. 11 to narrow from 7¢ to 4¢ a bbl. the price spread between North and North Central Texas Crude oil and that produced in nearby Oklahoma fields has been extended to six additional Texas counties. . . . Distributors of construction equipment have been asked not to increase their regular margins or service fees. . . . Ceiling price of raw sugar has been raised 24¢ at New York and Cuba and 25¢ at Gulf and Southern ports by amendment of Schedule 16. Price of refined sugar will be changed accordingly soon.

• **Other Priority Actions**—A high priority rating has been granted on operating materials for a British aviation gasoline refinery in the Caribbean area. . . . The A-1-g rating granted manufacturers of power-driven industrial lift trucks may be used to buy materials to go into spare parts, according to an amendment of order P-40. . . . The zinc pool which producers must set aside for emergency allocation has been set for January at 31% of October production; zinc oxide pool will be 10%. . . . Extended to Jan. 31 are the following orders: P-3, P-4, P-9-a-g (all dealing with aircraft), P-15 (electrical relays and solenoids), P-16 (radio equipment). Orders P-8, P-20, and P-21 (for producers of railroad equipment) are extended to March 31. The machine tool order, P-11-a, is extended to March 15.



## you can't just buy a bathysphere

Bathyspheres are very special made-to-specification jobs. And ten years ago when Doctor Beebe wished to descend farther than any man had ever been into the ocean's depth, Bathyspheres just weren't made at all . . . not, that is, until Watson-Stillman engineers got on the job.

They cast a hollow sphere, nearly five feet in diameter, 1½ inches thick, fitted it with quartz windows 8 inches thick, and wired it for telephone and electric light—the whole capable of withstanding a pressure of 1200 pounds on every square inch of its surface. And it was successful (else there'd no longer be a Beebe).

Once more, Watson-Stillman had made hydraulic engineering history.

Today, extending its 94-year record, Watson-Stillman is making more engineering history as you can see in the column at the right.

And tomorrow, with a greatly expanded plant (already nearing completion), new machinery, and with a wealth of difficult defense-order experience under the belt, Watson-Stillman will continue to make engineering history. This would be a good time for you to get acquainted—so that future history may be made for you too. The Watson-Stillman Co., Roselle, N. J.

# WATSON - STILLMAN

Engineers and Manufacturers of Hydraulic Machinery and Equipment—  
Hydraulic Presses, Pumps and Jacks, Forged Steel Valves and Fittings

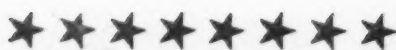


## New W-S Machines Spout Cold Lead

Rapid-firing guns require rapid-fire production of ammunition. Twenty of these new W-S machines—among the largest cold lead extrusion presses ever built—are in operation or on order for government arsenals. Each of these hydraulic presses (operated by W-S Hydraulic Pumps) takes a 100-pound billet of cold lead at each bite, squeezes it until it literally squirts out through three extrusion dies in the form of rod. As fast as the rod comes out, it is coiled on reels which feed into automatic bullet coring machines. Precious minutes are saved in this progress from billets to bullets.

The same engineering skill that produced this speed-up for Uncle Sam will be ready for application to your hydraulic machinery problems as soon as this war is over. Bulletin 110-A, a condensed catalog, shows what we can make for you as of today—and today is none too soon to plan for your tomorrows. Why not get acquainted now?

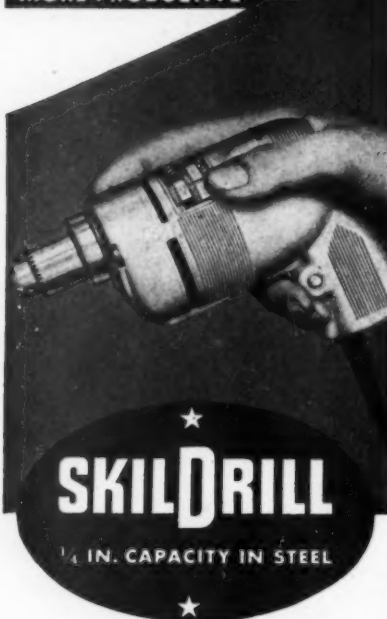




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MORE PRODUCTIVE



**This new kind of drill  
handles like pointing a finger  
... fits anywhere a fist will!**

Designed specially for war-speed on today's production lines, the new 1/4 in. SKILDRILL packs a world of drilling power into the palm of the hand... bringing top-speed into the tightest places... putting less strain on busy wrists.

SKILDRILL is lighter—only 2 3/4 lbs.; it's more compact—only 6 1/2 in. long, 2 9/16 in. wide! It's called the " Mightiest Mite of the Drill Field " because it has the extra power and extra speed that almost punch holes in metal or wood all day long... in production, assembly and installation work. Also larger SKILDRILL—1/2 in. capacity in steel. Ask your distributor for a demonstration in your own plant on your own work... and you'll be glad we told you about it.



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Sold by leading distributors of  
hardware and industrial supplies

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## Little-Book Battle

**Spectacular success won  
by de Graff in cheap reprint  
field brings out competition. Suit  
is now pending in N. Y. court.**

The book business, by most indicators, has just finished a banner year. And, if England's experience is any criterion, the war will continue to stimulate reading. Technical stuff—the books on engineering, aviation, and so on—has obviously gone to town, and so have books about the war itself. Apart from that, however, the public's reading taste thus far appears to have been little changed by world affairs.

The most exciting development in the book business today has nothing to do with styles in literature. It is a simple, clear-cut demonstration of the economic relationship between price and demand.

• **Young Man's Idea**—Credit for the development goes to a young man named Robert Fair de Graff. A few years ago, de Graff was with Doubleday Doran, working on their inexpensive Blue Ribbon reprint editions. He observed that reprints selling in the neighborhood of a dollar—both Doubleday's and those of sundry other publishers—had certain drawbacks: They were too cheap for the big book gift trade, but they were expensive enough to interfere with the sale of original editions and to make most publishers wary of granting reprint rights on best sellers while they were still moving at their original prices.

Hence, de Graff deduced that cheap books must be still cheaper—cheap enough to sell as fast as popular magazines, and to be discarded like magazines once they were read.

• **Pocket Books**—In 1939, de Graff brought out the first of his pocket books, at 25¢ a copy. To date, he has sold a staggering total of 17,000,000 copies—between 11,000,000 and 12,000,000 in 1941. A single title, Dale Carnegie's "How to Win Friends and Influence People," has sold over 900,000 copies. Surveys have indicated that de Graff's reprints do not interfere with sales of original editions.

Big factor in Pocket Books' success is distribution. De Graff now sells through some 600 independent magazine wholesalers, and Pocket Books' vivid, slick covers (cellulose acetate laminated on stiff paper) have become conspicuous on newsstands all over the country.

• **Competition**—Best evidence of de Graff's success is the competition he has now aroused. A few weeks ago, newsstands serviced by the giant American News Co. started distributing Avon

Pocket-Size Books, printed on different stock and a fraction of an inch wider. Three weeks ago, de Graff filed suit against Avon in the New York State Supreme Court, charging unfair trade practices.

Avon books are the result of a tieup between Maurice Diamond, who came to the United States two years ago as a representative of the English publishing firm of Hutchinson's, and Jo. Meyer of the Illustrated Book Co., specialist in inexpensive reprints.

• **Paper and Printing Costs**—Currently, de Graff's biggest worry is not competition, but the possibility that rising paper and printing costs might force him to raise prices. Production costs on Pocket Books range from 9¢ to 11¢ a copy.

Wholesalers pay de Graff 1 1/4¢ a copy, and retailers from 1 1/2¢ to 1 3/4¢, depending on the size of their orders. Since billing, handling, and bookkeeping costs are little less for Pocket Books than for regular editions, the profit margin is perilously slim.

Some publishers already have been forced to raise prices on inexpensive editions. Notably, Random House has jumped its Modern Library Giants from \$1.25 to \$1.45. Predictions in the trade are that within the next six months, publishers of original editions may begin pushing prices up 25¢ or 50¢ a copy. De Graff says that before he parts with his 25¢ price, he will cheapen his stock, take every available step to cut corners on overhead.

## Correction

**Pharmaceutical companies  
cited in anti-trust action did not  
engage in pro-Axis practices  
reported in these columns.**

Ciba Pharmaceutical Products, Inc., and Roche-Organon, Inc., named here (BW—Dec. 27 '41, p. 32) as "German-controlled" chemical companies on which fines for violation of the anti-trust laws were imposed by the Federal Court in New Jersey, are not German-controlled and did not engage in the reported pro-Axis activities.

Business Week reported that these companies had shipped their American-made products to Latin America where they were relabeled as having been manufactured in Germany, as part of a program for maintaining German markets and providing funds for Germans and for dissemination of pro-Axis propaganda.

Business Week is glad to make such amends as are possible for these erroneous statements about Ciba and Roche-Organon, which are American companies doing business in the ac-

cepted manner of other domestic firms. The companies are not German-controlled, not part of a German-controlled combine, never relabeled products as having been manufactured in the Reich, have no parent companies in the Reich, are not a source of funds for the Germans and never disseminated Nazi propaganda.

Ciba is beneficially owned by the Society of Chemical Industry in Basle, a Swiss company since the 1840's whose Swiss ownership and management have been maintained continuously to date.

The only foreign stockholder of Roche-Organon is N. V. Organon, a Dutch corporation which, since the invasion of the Low Countries, has maintained its head office at Curacao, Dutch West Indies, and has operated from London.

The products of Ciba and Roche-Organon are "ethical specialties," sold chiefly to physicians, hospitals, and on physicians' prescriptions. All merchandise shipped abroad is plainly labeled "Made in U.S.A." and includes constant shipments to England and about 43 other countries. A number of the preparations of these companies are supplied to the U. S. government for its institutions and for its armed forces.

Only the business of supplying hormones was cited by the anti-trust agencies. The situation grew out of basic research done principally by companies in Europe, including the Society of Chemical Industry in Basle and N. V. Organon. The efforts of the combined staffs in these companies produced a new industry—synthetic manufacture of hormones—but this collaboration brought about an overlapping of patents and an exchange of information that led to agreements resulting in the anti-trust action.

The anti-trust case has been closed with no indication or suggestion that Ciba or Roche-Organon are in any way affiliated or connected with German or other Axis interests.

## TAPPING "LOST MINES"

Practically every company has a "lost mine" of copper, zinc, and typemetal at its printer's. Year after year engravings have been ordered and printing plates made. When the job in hand is done the printer stores the stuff—and there it lies until the business house orders it sorted over and the obsolete metal is sold.

In Los Angeles the "lost mine" of Western Air lines was worked to such advantage that 400 lb. of old copper and zinc plates were routed out of dusty trays and sold through regular waste trade channels and the money turned over to the Red Cross \$50,000,000 emergency fund. The idea is being submitted to Red Cross national headquarters.

# Paper's working harder, too

*Who? Why? When? Where? How many? How much?* Today those questions demand instant, accurate answers . . . and paper has the job of providing them quickly, efficiently and in easily understood form.

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If you are concerned in any way with the selection or purchase of

paper for record keeping, accounting, clerical or correspondence purposes, remember that the Byron Weston Company specializes in the manufacture of high grade, cotton fibre content papers designed expressly for these uses. The complete line of Weston ledger, index, bond and machine accounting paper contains a range of grades, weights and colors for every need or application.

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# THE WAR—AND BUSINESS ABROAD

## United Nations Gain—by Unity

Cooperative program becoming effective on all fronts with American-made weapons figuring prominently. Outlook in Far East brightens; Nazi reverses in Russia and Africa continue.

The United Nations—the 26 countries which have agreed to fight the Axis to a finish—made progress on all fronts this week.

In Libya, British troops forced the surrender of the Axis garrison at Bardia, renewed their attack on the isolated Nazi stronghold at Solum, and stepped up their pressure on the retreating Axis forces at Agedabia—furthermost spearhead of their successful drive into Libya.

### Russians Gain Steadily

On the Russian front, German troops were slowly giving way under continued Soviet thrusts. In the north, they are already in Rzhev, believed to be the point at which they hope to establish a new line that can be held until spring. Nearer Moscow their retreat has been slower and more orderly. But in the south the Russians are driving hard toward Kharkov, fourth largest city in the Soviet Union, and have routed the Nazis from Kerch.

It is this steady retreat in the south that is watched with greatest interest abroad because the German spearhead in the Crimea (1) threatened the Russian oil fields in the Caucasus, where the Soviets still get 80% of their oil, and (2) looked like the beginning of a successful pincer move which would be completed later this winter by a swift thrust through Turkey.

But it was the Far East which focused public attention this week.

### British Reinforced in Malaya

In Malaya, the British were forced to retreat to new positions dangerously near to the open country which stretches all the way to Singapore, but early in the week seasoned Chinese troops began to arrive to reinforce the British garrisons. It was the first indication that China is willing and able to provide military aid away from its own long, hard-held front.

In the Philippines, American and native defenders withdrew successfully to the small Bataan peninsula opposite heavily-fortified Corregidor and vigorously battled off approaching Japanese attackers.

Despite these serious reverses, there were some significantly encouraging reports from the Far Eastern front.

In China, Chiang Kai-shek's soldiers

have fought off Japan's third major effort in two years to take the important city of Changsha. Little known to most Americans, this Chinese city of nearly a third of a million people is on the strategic rail route running from Hankow, on the Yangtze river, to Canton and Hong Kong. The fact that Japanese forces have never been able to hold this strategic rail line for more than a few miles from either terminus indicates how firmly entrenched the Chinese still are in most of the area south of the Yangtze. Given some planes, modern guns, and ammunition, they may yet be able to attack the Japanese on their flank and reduce the pressure on the Singapore region.

A thousand miles to the south and west of Changsha, the Axis suffered another setback when a handful of American fighter planes successfully fought off Japanese aerial attacks on the Burma

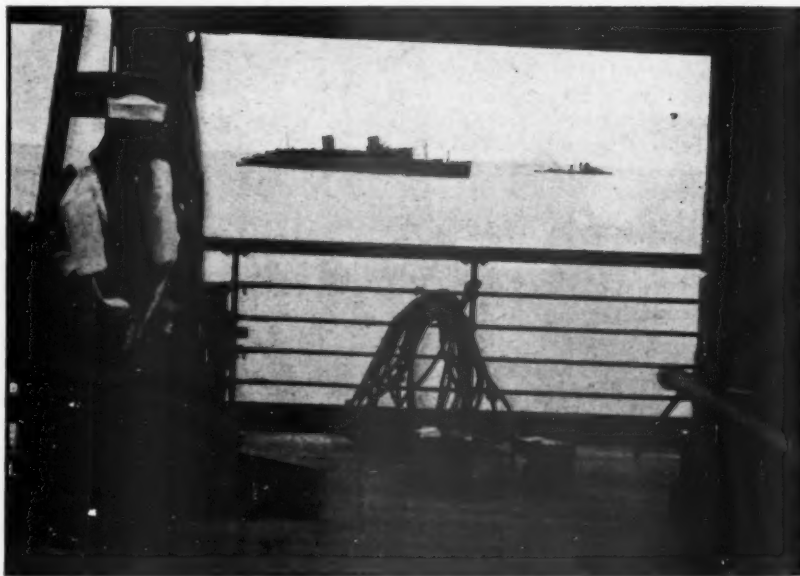
road. With plane reinforcements reaching Burma, Japanese air bases in Thailand are within easy range of bombers.

But the most encouraging report of all was the announcement that United States bombers successfully attacked Japanese naval vessels near Davao at the southern end of the Philippines. If it means that the first flood of reinforcements, following Pearl Harbor, is beginning to reach the Orient, then more encouraging news from the Far Eastern front may be in the offing.

### Cooperation Shows Results

The cooperative program of the United Nations is beginning to function. Dutch planes and submarines are aiding in the defense of the Philippines and Manila. American Tomahawk planes have turned up on the Leningrad front. Chinese troops are reinforcing the British in Malaya. Ford is assembling 10,000 trucks for delivery to the Soviets. Massed Russian troops and planes on the Vladivostok peninsula immobilize an equal number of Japanese planes and men. Canada is sharing its gun and shell output with the United States while American plants are being converted.

The week's news proves that the United Nations front is slowly taking shape. The President's frank speech to Congress on the state of the nation (page 5) shows business what a big share it has in the tasks ahead.



### TO THE ORIENT

Now it's convoys in the Pacific as well as the Atlantic—and, of course, increasing supplies and reinforcements for the A-B-C-D powers (American, British, Chinese, and Dutch) in the Far East. Since Guam and Wake are held by the Japanese, the assumption

is that the guarded merchantmen and transports are following the longer, 12,000-mile southern route rather than the usual trade routes to the north. On return, the supply vessels will pick up in safe ports whatever quantities of such commodities as rubber, tin, vegetable oils, burlap, and mica are available.



# The rat that went to college...



**CHARLEY**, the large and healthy white rat shown above, not only goes to college but he lives in a glass house!

For Charley is one of the thousands of white rats used for scientific research in American college laboratories. His reactions may someday save your life, or the life of someone close to you.

His glass house is a Pyrex animal jar, for a couple of good reasons: One, because of its exceptional mechanical strength. Two, because Pyrex glass can be sterilized in live steam without breaking or becoming cloudy, which makes it a favorite with laboratory men.

Pyrex laboratory ware, developed during the

last war to replace imported glass, is just one of Corning's many research contributions to better living. You find others continually about you. The fuse plugs that protect your household electrical circuits. The glass dishes in your kitchen. The beacons that guide your airliner. The glass pipe that guards the purity of a favorite ginger ale. All these and many more owe something to Corning research.

Corning knows glass. It knows what *can* be done with this versatile and fairly plentiful material. And Corning is using this knowledge today to put glass in jobs where it can release metal for defense. If you have an idea that glass can serve your busi-

ness better, Corning can probably save you time and trouble in getting an immediate answer. Write Corning Glass Works, Corning, N. Y.

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Ask your printer, engraver or stationer for samples of Eagle-A Coupon Bond—or return this coupon for the new Coupon Bond Booklet "The Preference of Executives and Professional Men."

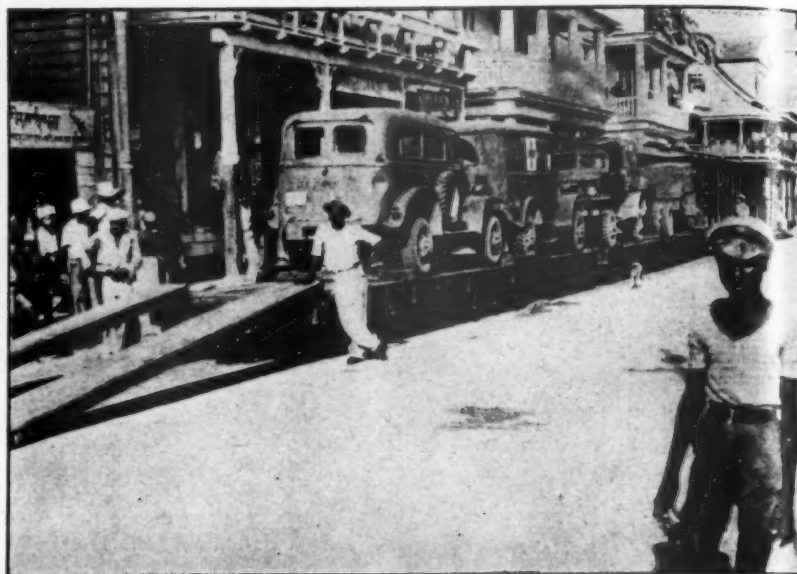
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## DUTCH GUIANA

Latest base acquired by the U.S. as part of its hemisphere defense program is Dutch Guiana—where Army supplies are arriving above. Despite the fact that the Dutch colony is only 1,000 miles from the Panama Canal,

the real reason for occupation of the territory is to protect the bauxite mines, which are a main source of supply for the U.S. aluminum industry. Newly acquired key defense base is neighboring Trinidad, where our initial defense appropriation amounts to \$51,000,000.

## So Goes Canada

**Dominion is reconciled to following Washington's lead in all pooling of defense materials. Price ruling jolts importers.**

OTTAWA—While Canada continues to hold the lead in its progress toward "total war" economy, the United States, because of its vastly greater industrial capacity, has final say on matters subject to transborder coordination and pooling under the proposed new deal among the Allies.

• **A Case in Point**—This was strikingly demonstrated last week in the crack-down on automobile output. Without any fanfare, Ottawa for some time had been cutting car production. Shortly before Christmas, the Canadian industry was notified to curb the rate of 1942 production to 50% of 1941, which was 44% of 1940. About a week before New Year's, the notification was revised and the limit placed at 25% of 1941—which meant 11% of 1940.

Then, when Washington decided to suspend production, except for a limited number of cars for rationing, both these Canadian leads were blotted out. Ottawa merely adopted the Washington pattern with additional severity. There will be no rationing of automobiles in

the Dominion because there won't be any production.

• **Steel Allocation**—A similar situation has developed in the steel industry. Canada some time ago asked Washington for assurances that it would be able to fill its steel needs in the United States again this year. Even after cutting civilian allocations for steel to 40% of the 1940 level, the Dominion needs nearly 2,000,000 tons from south of the border.

Despite the fact that Canada supplies the United States with copper, zinc, nickel, and aluminum without requesting any guarantee that they will be used only for defense equipment, Washington, before it promised to fill Canada's steel needs, demanded that Ottawa follow the steel allocation formula of the United States and supply documentary proof that it is doing so.

• **Uncle Sam's Intentions**—There is no question in the minds of Canadians that Washington intends to dictate the regulations for whatever defense materials pool is set up.

Canada will have much larger steel supplies this year than last. In addition to an increase in the amount made available by the United States, substantial capacity increases are now coming into operation in the mills of Dominion Steel & Coal Co., at Sydney, Nova Scotia, and Steel Co. of Canada at Hamilton, Ontario. But all of the increase and a larger proportion of the

basic supply are going into war production.

• **Bad News for Importers**—Price Ceiling Chief Donald Gordon started the year by breaking bad news to Canadian importers. On Dec. 2 he told them to go ahead in their regular way and that, if rising import prices did not fit under the domestic retail price ceiling, they would be taken care of by subsidies or otherwise (BW—Dec.13'41,p47). But he began regretting that blanket assurance when importers started asking for subsidy adjustments to cover imports of such nonessentials as precious stones, motion picture films, and toilet articles (BW—Dec.27'41,p38).

On Dec. 29, Gordon issued a list of 37 categories of luxury or nonessential goods which are now specifically excluded from import subsidies. The list includes canned fruits and vegetables, nuts, liquors, tobaccos, cosmetics and perfumes, advertising and printed matter, books, many household appliances, building materials, clothing luggage, sporting goods, radios, phonograph records, and automobiles.

• **At Their Own Risk**—Since Jan. 1, if Canadian importers want to import these items and the price abroad rises above the Dominion's ceiling on the item concerned they will have to absorb the shrinkage in profits or give up the business.

On some of these commodities, especially any that produce excise revenue (such as whiskey), insiders in Ottawa believe that the ceilings will be raised once the program becomes sufficiently established to have convinced skeptics that it can be enforced and that the administrator intends to do the job ruthlessly.

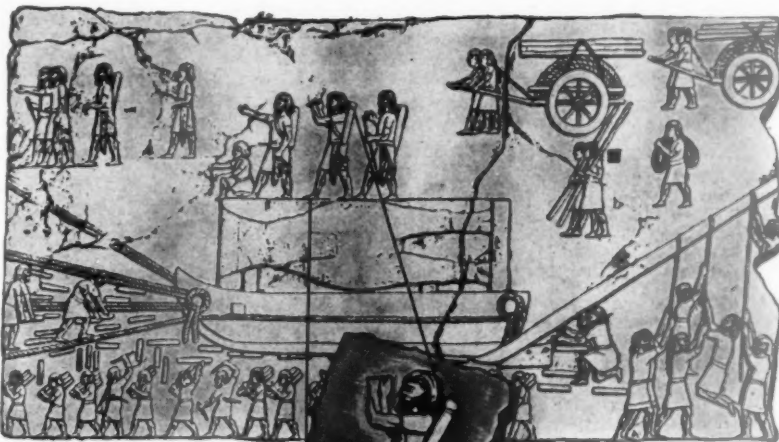
• **Formula for Big Stores**—Big importers, such as department stores (Eton's, Simpson's, and Hudson's Bay Co.) are warned that Gordon may adopt a special formula for administering the subsidy in their case, the aim of his formula being to have them absorb a substantial proportion of increased import costs themselves. In some other cases, the basis of subsidy will be average import costs and selling prices.

## SCARCE MATERIALS SEIZED

The government seized more than \$1,000,000 of warehoused steel, copper, tin, and teakwood this week from stocks consigned to Dutch, Swiss, and Swedish owners and held up since the outbreak of the war. Included were 13,000,000 lb. of steel, 3,500,000 lb. of electrolytic copper, 34,000 lb. of tin, and 70,000 ft. of teakwood decking. The goods will be allocated to American industries by the Priorities Division of OPM, and the owners will be compensated after hearings have been held in Washington to determine the value of the seized property.

## HE COUNTED OUT THE TIME

.... but no one added it up



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**D**OES ANYONE total the time-cost of *your* materials handling operations? Do you know how many man-hours of loading, unloading, stacking, storing and spotting creep into your cost-sheets? This ancient timekeeper didn't . . . but he didn't have to. Man-hours were cheap, time was not totalled and incorporated into cost.

Today, manpower is scarce and expensive. Time is money . . . BIG money. How, then, can any manufacturer afford to ignore the time-cost of materials handling? How can he afford any but the most efficient methods available? *He can't* . . . and still keep costs streamlined.

Manufacturers who find the time-cost of their materials handling out of line will profit by turning to *Towmotor*. By lifting 1,000 to 10,000 pound loads . . . hauling them as fast as 10 m.p.h. . . . stacking them up to 25 feet high, *Towmotor* provides efficient performance adaptable to 101 different materials handling jobs. By working 24 hours a day, for less than the cost of 24 man-hours, *Towmotor* releases man-energy for more productive work. Compact, powerful, easy to handle, *Towmotor* is engineered to simplify grouping of materials . . . lift and haul loads as units . . . spot materials quickly, when and where needed. *Towmotor* is the economical, flexible answer to materials handling simplification.



An eastern manufacturer saved \$7.89 per 40-ton carload in unloading coiled steel rod and wire by putting a *Towmotor* to work moving 3,500 to 4,000 lb. loads 300 yards from unloading point to weighing scales in an average of one minute and 25 seconds.

In dozens of industries *Towmotor* is today keeping materials handling geared to the pace of production. Tomorrow it will keep these operations geared to the cost of production.

Learn how *Towmotor* is saving time and money in *your* industry. Ask *Towmotor* engineers to analyze the time-cost of materials handling in your plant . . . show you how, when and where a "Towmotored" system can save you money. There's no obligation for this head start on the future; ask us about it soon. *Towmotor* Company, 123-5 E. 152nd Street, Cleveland, Ohio.

**TOWMOTOR**  
CLEVELAND  
**STAYS ON THE PROFIT SIDE**



# Britain Under Price Control

Two-year experience of British leads them to say that those who fix prices must be prepared to ration supplies, that controls must go all the way, that we should start early and move fast.

Ask an official in London's busy Ministry of Supply or a researcher in Leon Henderson's Office of Price Administration, "Where—among the 20 or more countries that have tried it—has price control worked most effectively?" and he will probably answer, "Germany."

But ask the same person why Britain and the United States don't copy the German plan and he will reply: "We have no Gestapo to enforce such a rigid system of rationing and controls, and we don't want one."

• **Must Go All Way**—However, 28 months of bitterly-learned experience have today convinced the British that the Axis can't be defeated on half measures. It's "total war" now, with no quibbling over a regulation just because it sounds like a "dictator's idea."

That's the point of view that Britain's war planners would like to make plain to their new Allies in Washington.

The United States is not starting a price-control plan from scratch, as the British did on that Sunday in September, 1939, when London declared war on Hitler. Through the priorities and allocations programs of the Office of Production Management, and the price ceiling system which the Office of Price Administration set up long ago, Washington has for some time been working into the pattern which now dominates Britain's whole industrial and civilian economy. But the British have learned some lessons which they would like to pass along to the United States.

• **First Controls**—Britain developed its present price-control program in four stages. On the day that war was declared, price controls were clamped on a dozen or more key commodities. They included aluminum, copper, lead, zinc, wool, iron and steel, and rayon. A steady stream of orders issued during the following week added paper, hides, skins, flour, meat, tea, sugar, fish, and cereals.

It was an obvious first step for the British to take. Parliament had authorized a Ministry of Supply only two months before the outbreak of war, and in the five weeks that it had actually been functioning it had barely been able to complete its organizational setup. No important stocks of either industrial raw materials or food supplies had been accumulated before war was declared on Sept. 3, 1939.

Knowing from the first that British shipping would be subjected to airplane and submarine attacks, and fully aware of the country's complete dependence

on outside supplies of almost every major raw material for industry and for the country's food supply, the government knew that prices could be most quickly controlled at the point where the raw commodity entered the country.

• **More Needed**—Nevertheless, two and a half months of experience were enough to prove that a far more drastic control system was necessary if prices were to be kept in line. By Nov. 1, for instance, an over-all increase of 10% had been permitted in the maximum price schedule for iron and steel products. In part this was due to higher costs for imported raw materials. But it was also due to wage increases, higher freight rates, and the cost of building air-raid shelters and providing blackout facilities at the steel mills.

By November it was plain that the price structure could not be kept under control simply by trying to control raw-materials costs. London decided to jump to the other end of the trade cycle and fix retail prices. On Nov. 16, 1939, Parliament passed the Prices of Goods Act in an effort to prevent profiteering in the wholesale and retail trades. But the act did not become effective until Jan. 1, 1940.

• **Licensing System**—Thus, during the first four months of the war, British price control was mainly limited to control of the prices of raw commodities as they entered the country. To make this control effective, all deals in the restricted commodities were licensed, much as the Office of Production Management handles priorities on a long list of industrial materials in this country. And in England, as in the United States, even the price of scrap metals was not controlled in most cases until the uncontrolled price of these scrap metals rose above the fixed levels of the virgin metal and necessitated price fixing.

During this period, wholesale prices in Britain jumped 32%, compared with only 17% in the next 18 months. But it was an uneven advance, even in the controlled group. Copper prices were up about 22%, lead and zinc nearly 50%, and iron and steel an average of 10%.

• **Outside Troubles**—Not all of the blame for this first jump in prices was due to the laxness of internal controls. After the outbreak of hostilities, sterling dropped in value from around \$4.85 until it was pegged at \$4. With Britain buying huge quantities of foreign supplies, this worked quickly to boost costs.

## PREVIEW FROM BRITAIN II. PRICE CONTROL

Down in Washington, smart men in positions of power are studying Britain's two-year experience along the war-road we are now following.

What Britain has done in handling the inevitable industrial problems of wartime gives them a preview of what we can—or had better not—do under our particular circumstances.

Believing that management men in the United States will do well to look at the same preview—and, perhaps, see it first—Business Week has had its London Bureau make similar studies and report significant findings to the Foreign Editor.

First published result of these reports was the news—and warning—of Britain's drastic "concentration-of-industry" scheme, which appeared in the Dec. 20, 1941, issue of Business Week.

Second in a continuing series of these important previews for American business is this complete and searching report on British price control, published as the U. S. Senate takes up our own hotly-debated price-control bill.

A third, to appear in an early issue, will deal with Britain's experience in rationing civilian goods—the job that we have started with tires and automobiles.

In addition, shipping costs skyrocketed because of higher freight and insurance rates, and world prices on many key commodities not controlled within the empire advanced sharply.

Wool, leather, and lumber prices rose mainly because of the increased shipping costs. Coal was up because of vastly increased demand, while gasoline prices jumped because of the higher costs of distributing the limited quantities the public was allowed to buy. Paper prices soared mainly because of the higher cost of imported raw materials. Sugar was upped when the government imposed new special wartime duties. The same was true for tobacco.

The second stage of Britain's price control development started in January, 1940, when the Prices of Goods Act became effective.

• **Set Pre-War Level**—This Act aimed to control the price of retail goods—except foods—by establishing retail prices at levels which prevailed on Aug. 21, 1939, but with special provisions for increases where control boards were convinced that rising wages, import costs, taxes, or production costs warranted them.

The first control under this Act fixed



# "Among the First to Arrive"

**A**MONG the first American military vehicles to arrive on old world battle fronts were these Marmon-Herrington *All-Wheel-Drive* converted Fords.

This was not surprising, since the same types of vehicles, now in such great demand by our own and friendly foreign governments, have been coming off Marmon-Herrington assembly lines, regularly, for the past ten years. Having power and traction applied through all four, or all six wheels, they possess qualities of "cross country" performance that are almost unbelievable to anyone who has not seen them in operation. This ability to travel, and transport heavy loads through deep sand,



mud or snow, and to climb incredibly steep grades, enables them to be "first to arrive," also, at military objectives, over desert, mountain or plain.

Marmon-Herrington *All-Wheel-Drive* converted Fords and Heavy Duty *All-Wheel-Drive* trucks, are used extensively

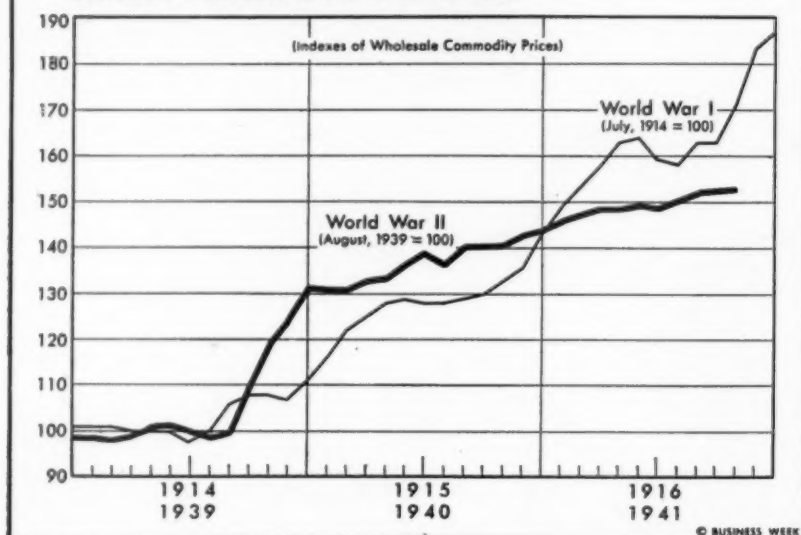
in the oil fields, in logging operations, general construction, road building, road maintenance and snow removal, building and maintenance of public utility lines, and a host of other services that are essential to the national defense. Their uses in military operations are too many for description here.

Marmon-Herrington has been building a series of speedy, light, track-laying artillery tractors and light combat tanks for years. Our plant facilities have now been multiplied five-fold to meet the demands of the defense program—and at the same time, to continue production for civilian services that contribute to national defense.

# MARMON-HERRINGTON

INDIANAPOLIS, INDIANA

## BRITISH PRICES IN TWO WARS



the prices on nearly 200 different items, all of them low-priced goods. Included were such staples as men's shoes and work clothes, women's dresses in the lower-price groups, knitting yarn, household utensils, and kitchenware.

As is the case with the new Canadian price control (BW-Dec. 6 '41, p. 62), the British Prices of Goods Act did not fix the same price on the same article in every outlet. Each store was to key its wartime prices to the price it had charged for a specific item on Aug. 21, 1939. Even the advances which were allowed by the control boards were not uniform. Only uniformity came in branded goods already subject to resale price-fixing agreements that fixed the same price for all stores.

• **Food Rationing**—The third stage in the development of Britain's control program came during the spring of 1940 when the government made three new moves to tighten its hold over the price structure. Bacon, ham, butter, and sugar were put on a definite rationing basis, with cards issued to the public in the first civilian rationing of the war. Even then, several months passed before retailers did more than limit sales to reasonable quantities. But after the German march into Denmark and Norway in May had cut the British off from their principal supply of fish, eggs, bacon, and butter, food rationing became a serious matter and ration cards came into active use.

London had put off this actual rationing of food supplies as long as possible. Too long, in fact, for had supplies of Scandinavian commodities been carefully stocked during the relatively calm first twelve months of the war Britain would have had less of a food crisis during the following winter. As one London economist put it: "We avoided rationing longer than was wise because

the British public had been taught to believe that its use by the totalitarian states was a sign of weakness. Actually, when properly planned, it is an element of real strength during a war."

It was at about the same time that Britain undertook its first large-scale general effort to cut down the supply of consumer goods for the special purpose of reducing the demand for imported raw materials, and freeing labor for other work.

• **Textile Tryout**—At the start, this was aimed mainly at the country's great textile industry which was almost wholly dependent on imported raw materials. But, instead of introducing ration cards—as in the case of scarce foods—London ordered manufacturers and wholesalers to cut deliveries of cotton, rayon, and linen goods to two-thirds the value of the previous year's deliveries.

Then, even before results could be checked, London started issuing a string of its now-famous Limitations of Supplies orders which spread the textile plan to dozens of civilian industries.

First order was standard for all lines. Supplies delivered to retailers during the six months beginning June 1, 1940, were to be no larger than two-thirds of the value of the goods sold in the six months of June 1 to Nov. 20, 1939.

• **Left to Industry**—In this program, the rationing was left to the manufacturer or wholesaler. The law did not stipulate that each retailer would necessarily receive two-thirds of the amount he had bought in the previous comparable six months. The wholesaler or other distributor was allowed to use his own discretion in distributing his stock. This meant, in many cases, that good customers of long standing might receive the same amount that they had bought the previous year while small buyers or new customers received none or only a

small fraction of what they had bought before the war.

By the end of June, price control was extended to a far wider range of goods, including high- as well as low-priced items. And when the rationing of consumers goods for the second control period came along on Dec. 1, there was a further cut below the two-thirds of prewar level and this time the reduction was not uniform in all lines. The supply of stockings, for instance, was cut to 60% of the prewar level (silk stockings were banned completely), but deliveries of metal office furniture (using materials badly needed in the armament industry) were cut to 25%.

• **Clothes Rationing**—It was not until the spring of 1941 that Britain reached its fourth—and really comprehensive—stage of price control. Early in June a system of clothes rationing was adopted which was almost as drastic as Germany's, so far as quantity went. But the British still pride themselves that they are supplying better quality materials, so that what they buy will last longer.

At the same time, the Prices of Goods Act was supplemented by the Goods and Services Act which gave the government power to fix retail prices more rigidly than was possible under the old Act and to (1) control margins of profit for manufacturer, wholesaler, and retailer; (2) fix profits for such service industries as shoe repairing, furniture storage, and cleaning and pressing; and (3) establish a complete system of inspectors to enforce the regulations.

• **90% Control**—London officials estimate that, after 28 months of war, prices of 90% of the daily needs of the population are controlled. Actual rationing, however, has been applied to only a dozen key food products (the egg ration is one a week), and to all staple clothing. Criticism of the public now is that household needs are not rationed on individual basis. Since the supplies of these items which the manufacturer is allowed to produce is strictly limited (as low as 25% of prewar levels in the case of toilet goods, and only 20% of prewar quantities in the case of cotton piece goods), customers insist that the only fair way to distribute these goods is by uniform rationing. Insiders in the Board of Trade believe that something will be done along this line in the near future.

Price control in Britain is administered by several agencies but three of them—the Ministry of Supply, Ministry of Food, and Board of Trade—are the most important.

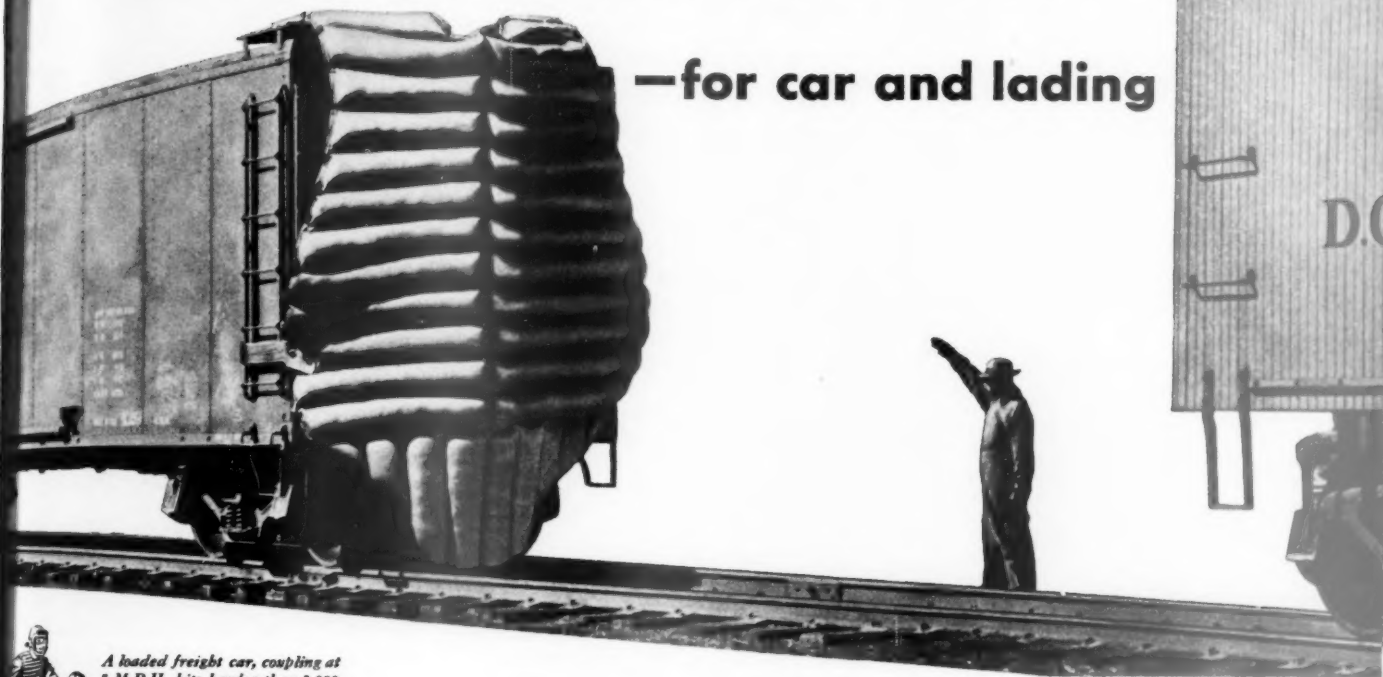
• **Supply Ministry's Job**—The Ministry of Supply controls the prices of industrial raw materials, whether they are destined for defense industry or for civilian consumption. The agency was created about five weeks before the outbreak of the war and has the power to:

(1) Set maximum or specific prices;

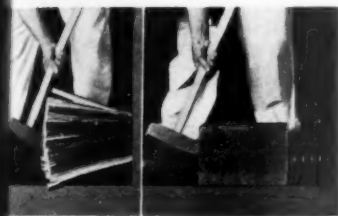


# A "CHEST PROTECTOR"

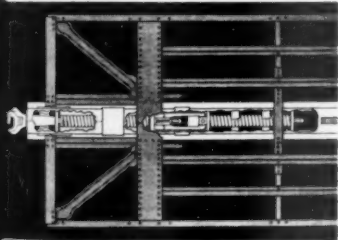
—for car and lading



A loaded freight car, coupling at 5 M.P.H. hits harder than 3,000 "foul tips" smacking a catcher's chest protector at once. Your lading needs Duryea protection.



**ONE SMACKS! ONE SLIDES!** Photos show how Duryea floating sills lessen shock. Left: Block of wood (sill) against wall will crack when hit with sledge. Right: With spring allowing block (sill) to slide, even hardest blows won't cause damage.



**PHANTOM VIEW** shows how giant springs and floating center sills cushion each wallop, protecting car and contents. A Duryea installation lasts for the entire life of a car.



**RAILROAD MEN!** Duryea Cars reduce maintenance costs and damage claims. Duryea gear costs little, pays for itself quickly. Why not investigate for your road—today?

## DURYEA *Cushioned* CARS shield your rail freight shipments from the unavoidable wallops of today's swift transportation

All shipments are marked "RUSH" today. America's railroads are meeting this demand with the fastest, safest freight service in history. But speed means harder smacks in coupling, starting and stopping. More than ever, your goods need the shockproof security of Duryea-Cushioned Cars!

### How DURYEA protects your lading

Freight cars with the Duryea Cushion Underframe are doubly safeguarded against impacts that damage shipments. Floating center sills allow the car body to ride over the crash instead of being held rigid against it. And giant springs further lessen each blow.

A conventional draft gear (the old-

style "buffer" on freight cars) has a minimum shock-absorbing capacity less than one-third that of the Duryea Underframe. Ordinary draft gears often wear out or stick—Duryea never does. In 15 years of service on thousands of cars, no Duryea cushion gear has ever had to be replaced.

Suggest that your railroads adopt Duryea Cushion Underframe on all new rolling stock. Ask for Duryea-equipped cars when you ship. Help pave the way for even safer, swifter, cheaper rail freight service everywhere.

O. C. DURYEA CORPORATION,  
30 Rockefeller Plaza, New York, N. Y.  
Field Building, Chicago, Ill.

## DURYEA *Cushion* UNDERFRAME For Freight Cars

THE MODERN SAFEGUARD FOR SHOCKPROOF SHIPPING



IN '91, RAILROADS measured progress mainly by speed. Above, 60 m. p. h. on original Empire State Express. Fast, yes, but drafty—notice coat-draped passengers. Fast, yes, but noisy—wooden car construction creaked like a roomful of canaries. Fast, yes, but dirty—cinders, smoke, dust came in ventilators, kept windows shut tight except in hottest weather.



IN '41, RAILROADS measure progress with comfort, safety. Light, smooth-running, alloy-steel cars ease passengers through landscape in hotel-like interiors. They loll in 70 degree, correctly humidified comfort, free of drafts, cinders . . . thanks to modern car insulation and air-conditioning system. Above, '41 edition of luxury parlor car on streamlined Empire State Express.

## HOW WILL PEOPLE TRAVEL "TOMORROW"?

**"By train," says New York Central as it plans increased travel-comfort to woo passengers in post-defense period. How an important basic material—Fiberglas—helps.**

A RAILROAD is using the imagination of a man, no longer living, to celebrate its 50th anniversary.

The man was George Henry Daniels who died in 1908. The anniversary is that of the Empire State Express.

Back in '91, Daniels wondered how people would travel to the '93 World's Fair in Chicago. Got them to travel via the New York Central by building world's fastest locomotive. *Speed*

captured the customers.

Today, the Central and every other alert railroad are thinking about how people will travel "tomorrow" . . . when the present emergency is over. They foresee the time when current bomber production may change over to a vast horde of passenger plane production. Foresee the day when tank production again becomes a mighty flood of auto and bus production.

How will the railroads meet this situation?

The Central, for example, is using the promotional imagination of George Henry Daniels. But instead of capturing the customers with *speed* . . . this time it's *comfort*. Passenger comfort. The new Empire State Express, which recently made its maiden run, is a dramatic example. It is beyond question one of the finest day trains in the world.

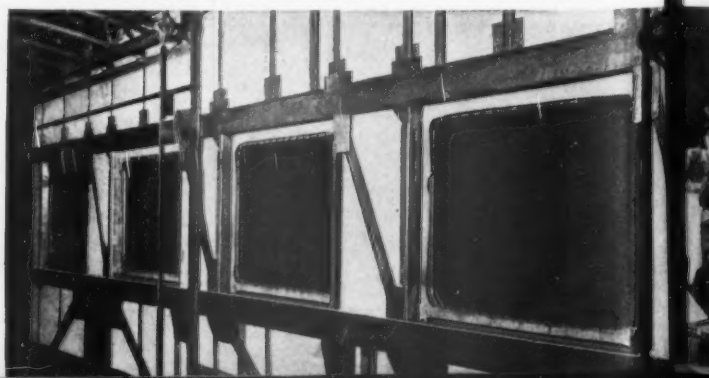
And what are other roads doing?

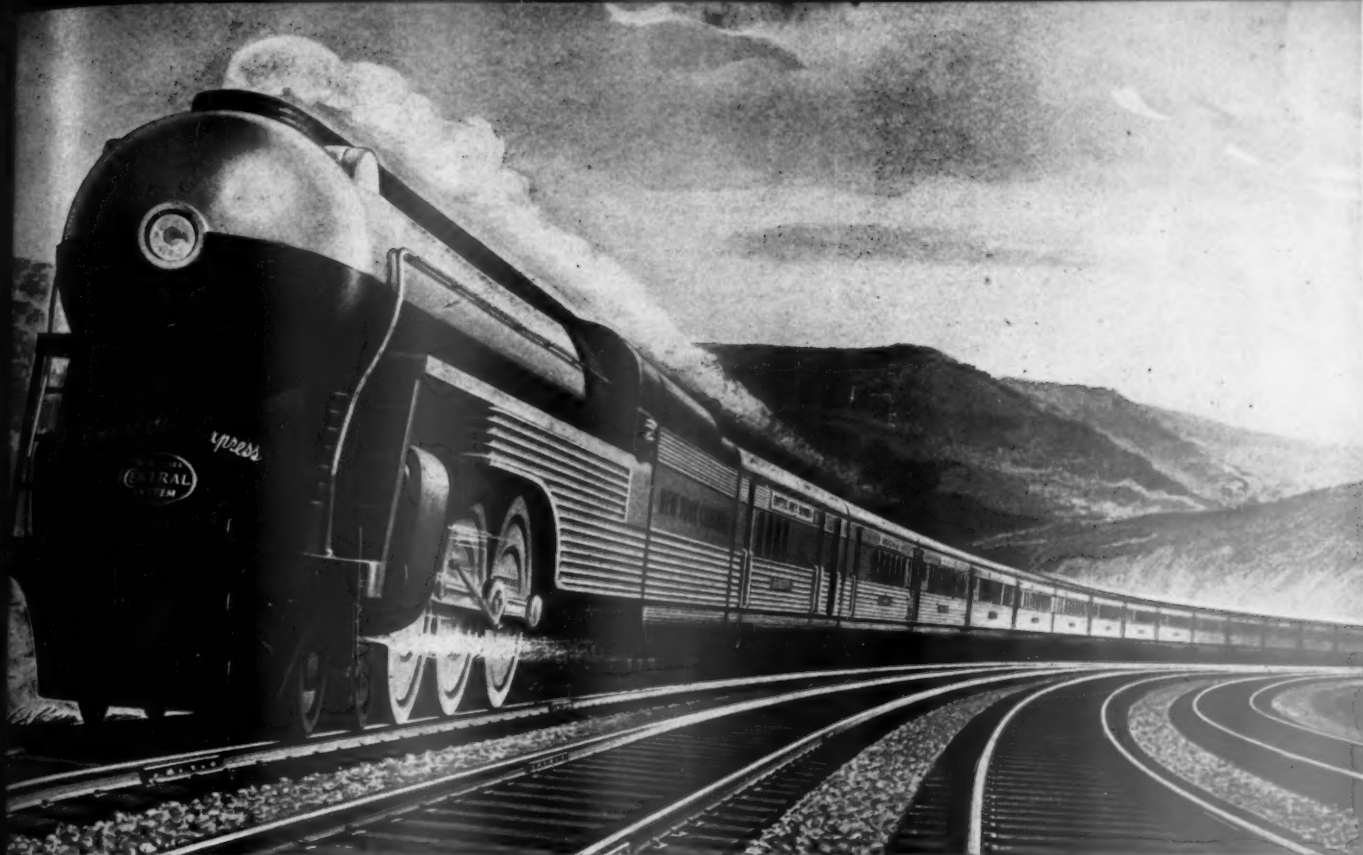
The Union Pacific and Burlington, for example, have already at hand a *fleet* of streamliners, were in fact the first roads to use streamlined trains to give passengers the comfort and safety that would keep 'em ridin' the rails.

ONE NUB of alloy-steel car building is welding of light steel-alloy members. Other nubs: truss construction for strength, special couplings, improved brakes. Below, early stages of car for Empire State Express at Edward G. Budd Manufacturing Co., Philadelphia. For almost a decade, cars like this have been stepping up passenger comfort on American railroads.



TIGHTLY PACKED FROM FLOOR to roof, Fiberglas insulation makes car tighter than Mason jar at preserving time. Below, installation of Fiberglas in car typical of New York Central's fleet of streamliners built by American Car and Foundry, Edward G. Budd Manufacturing Company, Pressed Steel Car Company, and Pullman Standard Car Manufacturing Company.





**HERE YOU SEE** outside view of new '41 version of Empire State Express, latest of nation's streamliners. 16 super-modern cars shuttle east, west, each day between New York City, Buffalo, Cleveland, and Detroit. Is New York Central's newest bid for travelers' dollars. Important basic material, Fiberglas,\* adds much to passenger comfort.

From the very beginning of streamlined trains, an important basic material has played a hidden but important part. This basic material is Fiberglas Thermal Insulation. Why?

Increased passenger comfort means clean, fresh air without draft, even temperatures, restful quietness inside cars, completely air-conditioned trains. Fiberglas in car walls, ceilings, floors and ends keeps heat, cold, and noise outside, where they belong, better than ordinary insulations.

Trains "pound" at high speeds. This pounding shakes down ordinary insulations. Such insulations are costly to fix after "shakedown." But Fiberglas is springy... doesn't shake down... avoids the headache of fixing.

And because Fiberglas is an inorganic material, it banishes a common trouble in older-type dining cars. This common trouble is the dank,

cooking smell that comes from odors absorbed by some types of insulation.

Car builders like tight-fitting, easy-to-work Fiberglas for odd-shaped spaces in passenger car construction.

Do you wonder that today, as on the first streamliners where this insulation won its spurs, it is continually specified—that today it is helping the railroads step up the comfort and safety with which they are wooing passenger traffic?

Let us consult with you through our railroad representatives, *Gustin-Bacon Manufacturing Company*, and show you how Fiberglas benefits the operation of passenger and freight equipment. Our information may possibly help you in formulating your plans to meet post-defense competition.

Perhaps, you'll also be interested in Fiberglas as electrical insulation in motors, generators,

car wiring. Or, as woven, non-fading, easy-to-clean fabric for drapes in cars. Or, as highly efficient air filters in the car's air-conditioning and heating system.

In any case, we urge you now to plan for the post-defense period. One step to take is to write: *Owens-Corning Fiberglas Corporation, Toledo, Ohio. In Canada, Fiberglas Canada, Ltd., Oshawa, Ontario.*

**OWENS-CORNING**

**FIBERGLAS**

\*T. M. Reg. U.S. Pat. Off.

**GOVERNORS, BUSINESS MEN, TRAVELERS** eat in cushioned comfort in Empire State's 44-passenger dining cars. Designed by a world-famous architect, these cars vie with ritziest hostleries in their luxury. A far cry from, and vast progress over, the 1st Empire's one, ornate dining car.



**Some of the famous trains where Fiberglas Insulation is used**

The Kansas Cityan.....	Atchison, Topeka & Santa Fe
The Chiefs.....	Atchison, Topeka & Santa Fe
The Tulsa.....	Atchison, Topeka & Santa Fe
The Silver Streak.....	Chicago, Burlington & Quincy
Texas Zephyrs.....	Chicago, Burlington & Quincy
The City of Denver.....	Chicago & Northwestern, Union Pacific
The Choctaw Rockets.....	Chicago, Rock Island & Pacific
The Laurentian.....	Delaware & Hudson
The Prospector.....	Denver & Rio Grande Western
The City of Miami.....	Illinois Central
Southern Belle.....	Kansas City Southern, Louisiana & Arkansas
The Missouri River Eagles.....	Missouri Pacific
The Delta Eagle.....	Missouri Pacific
The Mercury.....	New York Central
The Twentieth Century Limited.....	New York Central
The Broadway Limited.....	Pennsylvania
The Trail Blazer.....	Pennsylvania
The Firefly.....	St. Louis & San Francisco
Silver Meteor.....	Seaboard Air Line
The Daylights.....	Southern Pacific
The Larks.....	Southern Pacific
The Challengers.....	Union Pacific, Chicago & Northwestern
City of San Francisco.....	Union Pacific, C. & N. W., Southern Pacific



(2) prohibit, or limit the acquisition, disposition, production, use, or delivery of a controlled commodity by general or special direction or by licensing; (3) requisition supplies; (4) purchase commodities, with the power to establish itself as sole purchaser; (5) sell commodities or contract for their fabrication; (6) examine company books and documents; (7) license imports or exports; (8) alter tariffs (in collaboration with the Board of Trade); (9) levy charges (with Treasury); (10) establish and disperse pooling funds; (11) pay subsidies.

The Supply Ministry is divided into two main sections: one to handle raw materials, and the other to be responsible for the production of finished defense supplies.

• **Industry Committees**—The raw materials section was originally divided into 14 divisions, each under the direction of a controller who heads a Control Board, most members of which usually are selected from the industry most concerned with the use of the particular raw material. The number of divisions has grown until, according to the latest reports, there are 26, the principal ones being iron and steel, ferro-alloys, non-ferrous metals, chemicals, sulphuric acid, mercury, alcohol, pigments, timber, cotton, rubber, mica, building materials, wool, leather, paper, flax, hemp, jute, silk, and rayon.

The price of each commodity is determined by the Ministry's Raw Material Department after consultation with the finance department, industry advisory committees, and the Treasury. The "Control" itself undertakes the enforcement of the price levels set by the Ministry.

In addition to fixing maximum prices, the Ministry of Supply controls supplies, acquires stocks of goods abroad, and establishes priorities.

• **Food Dictators**—Food products are controlled by the Ministry of Food, which was established as long ago as 1937.

This Ministry is divided into three sections. The Supply Division buys and sells food, with a controller in charge of each major commodity, very much along the organizational lines of the Ministry of Supply. The Food Ministry today has a monopoly over the domestic supply of most foods in Britain and is the sole importer of all food products, though as far as possible it handles this business through established food importers who act as its agents. Controllers are all civil servants or executives drawn from the trades but are actually in the employ of the Ministry.

Another division of the Food Ministry is responsible for "emergency feeding, rationing, and divisional food offices." This division licenses and supervises wholesale and retail establishments, administers the 1,400 or more regional

food offices which have been set up throughout the country, and operates the food-rationing program which was put into effect a year ago.

• **Watches Lease-Lend**—The third division in the Food Ministry is known as the Planning Division and is responsible for planning all imports (including foods entering Britain under the lend-lease program), supervising the ministry's foreign relations, correlating domestic production plans, and devising the government's price program. It was this agency which insisted that lend-lease goods be distributed through established wholesale and retail agencies, and that prices on lend-lease items be kept in line with the prevailing price structure in Britain, even when that means selling the items below the levels at which they sell in the United States.

This agency also determines when it is necessary to subsidize food products in order to keep staple items within the budget of the mass of working people. British subsidies now amount to nearly \$600,000,000 a year, some of the most important subsidy items being wheat, milk, and bacon. Theory of the government is that it is sometimes cheaper to subsidize one item which is an important element in the cost of living than let the cost-of-living index—to which wages in many industries are keyed—advance.

• **Board of Trade**—Control over retailing and civilian industry in Britain is in the hands of the Board of Trade, which is also responsible for all import-export business not specifically assigned to other control agencies.

It was the Board of Trade which decided in the spring of 1940 that rationing should begin in the retail trade through the curtailment of deliveries from wholesalers to retailers. And it was the Board of Trade which struggled all

that spring to determine what increases over the "basic prices" established in the Prices of Goods Act might be allowed.

When the Goods and Services Act was passed on July 26, 1941, the Board of Trade was given the broad powers under which it now acts, including the authority:

(1) To fix—for manufacturers, wholesalers, and retailers—either maximum prices or maximum percentage margins of profit.

(2) To fix maximum prices charged for services which directly affect consumer goods prices, such as cleaning and pressing, radio repairing.

(3) To minimize the activities of unnecessary middlemen.

(4) To establish an official price-control organization in the field through the appointment of enough inspectors to enforce the board's rulings.

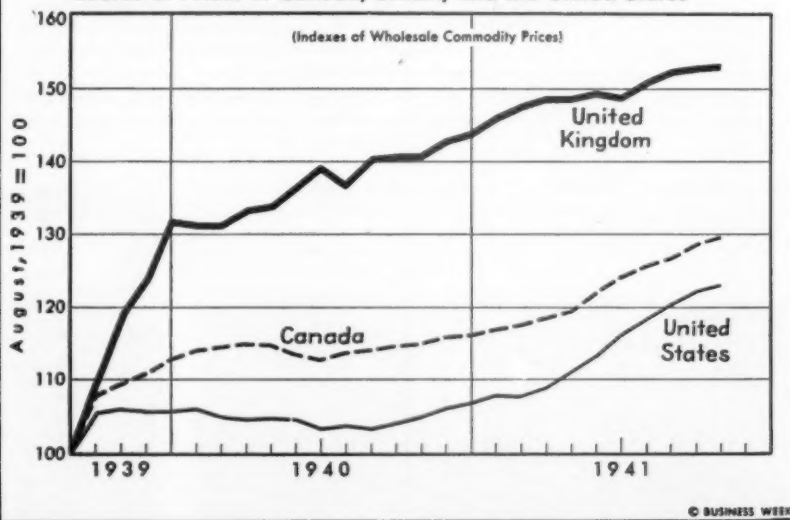
• **Centralized Price Control**—To administer its vast responsibilities in the price control field, the Board of Trade has set up a Central Price Regulation Committee, composed of an executive representing the retail trade, a trade union leader, a trade association director, a member of the London County Council, a cooperative leader, a warehouseman, an accountant, and an economist.

Working under this Central Committee are regional committees in each of the 17 wartime "regions" into which Britain has been divided. These committees execute the rulings of the Central Committee, hear complaints, initiate investigations, and carry appeals to the Central Committee.

• **How It Grew**—Britain's system of price control, like Topsy, just grew. At the outbreak of hostilities London tried to avoid imposing any more restrictions on business and the public than were necessary. As a result, only key com-

## INFLATION AT WORK

Course of Prices in Canada, Britain, and the United States





## Radio...all out for Victory

*Research and invention have placed radio in the first line of battle*

**C**OMMUNICATION—rapid communication—is a vital necessity, on land, at sea and in the air. RCA research and engineering developments in both radio and electronics are strengthening—and will further fortify—the bulwarks of our communications system. At Princeton, New Jersey, the new RCA Laboratories—the foremost center of radio research in the world—are under construction.

★ ★ ★

International circuits, operating on short and long waves, have made the United States the communication center of the world. Today, R.C.A. Communications, Inc., conducts direct radiotelegraph service with 49 countries.

★ ★ ★

Production of radio equipment is essential for news and timely information, for military and naval communications, for dissemination of news among foreign countries. The "arsenal of democracy" has a radio voice unsurpassed in range and efficiency. In the RCA Manufacturing Company's plants, workers have pledged themselves to "beat the promise," in production and delivery dates of radio equipment needed for war and civilian defense.

★ ★ ★

American life and property at sea are being safeguarded by ship-and-shore stations.

The Radiomarine Corporation of America has equipped more than 1500 American vessels with radio apparatus and is completely engaged in an all-out war effort.

★ ★ ★

Radio broadcasting is keeping the American people informed accurately and up-to-the-minute. It is a life-line of communication reaching 55,000,000 radio sets in homes and automobiles. It stands as the very symbol of democracy and is one of the essential freedoms for which America fights. The National Broadcasting Company—a service of RCA—and its associated stations, are fully organized for the coordination of wartime broadcasting.

★ ★ ★

New radio operators and technicians must be trained for wartime posts. RCA Institutes, the pioneer radio school of its kind in the United States, has more than 1,200 students enrolled and studying in its New York and Chicago classrooms.

★ ★ ★

When war came and America took its place on the widespread fighting front, radio was At the Ready... with radio men and radio facilities prepared to answer the call to duty "in the most tremendous undertaking of our national history."

*David Sarnoff*

PRESIDENT



**Radio Corporation of America**

RADIO CITY, NEW YORK

*The Services of RCA: RCA Manufacturing Co., Inc. • RCA Laboratories • R.C.A. Communications, Inc. National Broadcasting Company, Inc. • Radiomarine Corporation of America • RCA Institutes, Inc.*

## GOOD ADVERTISING reflects GOOD MANAGEMENT

Advertising which transmits useful information solves current customer-relations problems; builds future business; demonstrates sound management.

Your company's advertising is the "show-window" of your company. Advertising is not a thing apart from management's responsibility. It is your day-in-and-day-out contact with your customers and prospects. There it is, for all to behold.

Together, you and your advertising people can produce the kind of useful advertising that will help solve current customer-relations problems, and build a sound foundation for future business... the kind of advertising that reflects good management.

Even if you can't deliver goods right now, you can help customers and prospects. Many "oversold" companies use their business paper advertising to help customers figure out short-cuts and speed-ups. Some use it to help dealers figure out what to say to disappointed customers.

Advertising is management's voice. It can say anything that management wants said to customers and prospects... quickly, accurately, economically.

Business Paper Readers  
seek helpful information!

For hundreds of thousands of business men, harassed with new problems, business papers are the only reliable source of desperately-needed information. Men in business, and in government, are being elevated to positions for which they have not been fully trained; hired to tackle unfamiliar work. They scour the advertising pages as well as the editorial pages, for useful, practical information.

Advertising that gives them what they want and need to know, really produces for the advertiser. One manufacturer, offering useful literature, has received requests for 35,000 booklets in less than a year!

Advertising, while very definitely a tool of management, requires a special skill in handling. So, **ONE:** Make sure you have competent advertising help. **TWO:** Provide adequate funds to achieve sound advertising objectives. **THREE:** Give your advertising people encouragement and responsibility. **FOUR:** Write, without obligation, for A.B.P.'s helpful literature describing what other business heads are doing to make profitable use of advertising under today's conditions.

## THE ASSOCIATED BUSINESS PAPERS

200 Lexington Avenue, N.Y.C., CHINA 5-4755

A national association of business publications devoted to increasing their usefulness to their subscribers and helping advertisers get a bigger return on their investment.



Are you proud of  
your advertising?

modities were brought under control. War industries, of course, had preference over civilian industries from the first in the allocation of supplies. Prices were only loosely tied to levels that prevailed just before the outbreak of hostilities.

Two months were enough to prove to the British that a system which attempted to control prices only at the raw-material stage could not work. Manufacturers, with an instinctive sense for supply-and-demand economics, were tempted to squeeze a little extra profit out of each sale in order to make up for an actual or threatening reduction in turnover. With no control over the retail price, wholesalers and retailers operated on the same generous markup systems.

Britain's next step—trying to control retail prices under the loose provisions of the Prices of Goods Act—was only a palliative. Before it could be put into practice the nation was faced with the actual loss of key supply bases and the kind of "total war" which followed the Nazi blitz attack on Holland and the collapse of France.

• **Inflation Slowed Up**—Since Britain started rationing key supplies to the public, as well as to industry, and controlling prices from the raw-material stage to the ultimate consumer, the inflation spiral has been slowed (chart, page 40). British prices in the spring of 1941 moved up much less rapidly than in 1940.

During the autumn of 1941—with more rigid controls—the tempo slowed even more. British experience has proved to the administrators that successful control requires regulation—strict regulation—all along the line.

• **Lessons for Americans**—Asked what advice he would give Americans as a result of two years' experience with price control, one British administrator offered these suggestions:

(1) Never attempt to fix prices unless you are prepared to ration supplies, and vice versa.

(2) Never ration and/or fix the price on only one of a competing category of goods.

(3) Inasmuch as no democracy is as hardboiled as the totalitarians about limiting consumer expenditures either by high taxes or forced savings (to be discussed in a later report), the sooner price-fixing and rationing begin, the better the chance to avoid inflation.

(4) To make price control enforcement possible in a democracy, any agency undertaking it must have the power (a) to license dealers, manufacturers, wholesalers or distributors; (b) to buy and sell commodities or to take over supplies; (c) to subsidize when it is considered wise; and (d) to administer its control at any stage from raw commodities to the sale of finished goods to the consumer.

## "Don't Buy" Ads

Canadian industry goes ahead with programs—even if there is nothing to sell—with an eye on postwar markets.

OTTAWA—The men who write advertisements in Toronto and Montreal now live in a topsy-turvy world. So much has the war played havoc with the laws of time and space that copywriters now turn out such eye-arresters as "10 Ways to Avoid Buying New Tires," or "If Your Electric Washer Will Do, Don't Buy Our New Model."

And do the advertisers mean it? They do, indeed, and are spending money freely to persuade people not to buy their wares.

• **Records Nevertheless**—"Don't Buy" ads in Canadian newspapers and magazines are as big as the former "Buy" ads. Canada's biggest year in advertising was 1941.

Despite progressive cuts in production of their consumer lines, Canadian companies are going to keep on advertising. They don't intend to let their customers forget their products. Central theme of discussion at a recent meeting of the Association of Canadian Advertisers (companies doing national advertising) was the importance of continuing to advertise though, during the emergency, demand for products will exceed the supply.

• **Advertising for "After"**—But advertising men are playing safe. They have just finished a lush year, and 1942 will still be good, even if there is a contraction of advertising in some lines. The sharp curtailment in automobile advertising in the last few months is a warning. But the general move to keep up the advertising front by shifting the slant of the copy rather than by cutting out all advertising is expected to pick up momentum during the next six months, for Dominion business is keeping one eye glued to the postwar period.

The latter part of 1941 set the trend for advertising in 1942. Big advertising is shifting from the sales promotion to institutional, education, good-will, and patriotic appeal. And for the advertising profession and publishers the point to be underscored is that there is no question in the minds of advertisers about the necessity of keeping themselves in contact with the public.

• **Helping Government**—National service played a big part in commercial advertising in Canada in 1941. Big companies supported government campaigns for war financing, conservation of essential materials for war uses, price control, and other causes.

Stressed by many advertisers in place of sales talk is the importance of their



plants and organizations in the prosecution of the war. Others are keeping up the story of the standards they maintain so that these will not be forgotten when they are again permitted to make consumer goods.

• **Post-War Objectives**—Some business executives are influenced by an even longer view in their present advertising policy. They have two considerations in mind: (1) That war control harness will not drop from business automatically with the cease-fire order; (2) that radicals and demagogues are likely to see in the end of the war a golden opportunity for an assault on capitalism and the institutions of finance and business.

The executives figure that the better the relations between business and the public when the time comes, the stronger business will be for defending itself.

• **Taking Up Slack**—Increased government advertising is likely to take up any slack in commercial advertising which may develop during this year. Ottawa has become Canada's biggest advertising account (BW—Nov. 29 '41, p. 46), and the account is rapidly increasing. Every new control means new advertising to support it.

The Wartime Prices and Trade Board is now one of the government's most active advertising services, with appeals to women to check current prices against base period prices and report discrepancies, and with explanations of new regulations. Also, the War Services Department recently bought advertising space to launch its vast "Save for Victory" campaign. Canadians are urged to throw nothing away. From paper to scrap iron, the country needs it all.

• **To Ward Off a Dry Law**—Another user of vacant advertising space this year may be the liquor interests. Brewers have started an educational campaign to head off further restrictions on their business by promoting the idea that availability of malt beverages makes for temperance. Distillery interests are studying the possibilities of another wartime prohibition campaign and ways of combatting it.

• **No Crackdown**—Ottawa wants the co-operation and active help of publishers in its numerous campaigns, and this is a bar to curbs on advertising. Finance Minister Ilsley could invoke the provision of the income and excess-profits tax laws permitting him to disallow abnormal expenditures shown in tax assessment returns but with most of the increase in advertising outlays last year due to the contribution to national causes there is no prospect of a crackdown. The only censorship on advertising is in connection with the financing of installment buying and this is informal.

Publishers will meet any contraction in advertising revenue in 1942 by publishing economies rather than by rate increases.

## TIME IS SHORT!



**8,760**  
hours to go in '42

## MEN, MAKE THE MOST OF THEM!

**A MILLER Continuous Wireway Fluorescent Lighting System in your plant can pack more production minutes to the man-hour...**

January 1, 1942 ... 8,760 hours to go. Golden, going hours. Hurry! Hurry!

Put all machines to work. Work machines all the time. Use the most efficient methods. Build an adequate working force. Keep the working force at work.

Squeeze every last drop of production from each priceless hour. Utilize the *proven* help of continuous-row fluorescent lighting, MILLER 50 FOOT CANDLER, 100 FOOT CANDLER and MILLER TROFFERS for offices and drafting rooms—providing 50 foot candles or better of working light.

Act promptly so we can provide equally prompt deliveries—superlative service. Wire for details (*Representatives in principal cities.*)

**Be sure you get these 5 MILLER benefits when you buy fluorescent lighting**

- 1. HIGHER ILLUMINATION—UNIFORM DISTRIBUTION** ... 50 to 100 foot candles for faster, better production and greater worker efficiency. Production equipment can be moved without changing lighting.
- 2. 30 to 50% LOWER INSTALLATION COSTS** ... Fixtures contain up to 80% of necessary conduit in continuous wire channels—make defense dollars go further.

- 3. FASTER INSTALLATION** ... Steps up building schedules—goes in with minimum labor—plants get into production quicker.

- 4. SIMPLIFIED MAINTENANCE** ... Easy to clean, removable porcelain-enamel reflectors—save valuable man-hours for production.

- 5. ALLOWANCE FOR FUTURE LIGHTING NEEDS** ... Illumination increases up to 45% practical without new fixtures—completely flexible for greater or less light as needs demand—lower obsolescence.

**MILLER**

**50 FOOT CANDLER  
100 FOOT CANDLER  
MILLER TROFFERS**  
Continuous Wireway Fluorescent Lighting Systems



**THE MILLER COMPANY**  
MERIDEN, CONN.

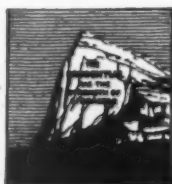
*Pioneers in Good Lighting Since 1894*

• MILLER offers a complete line of filament and fluorescent lighting equipment.

## What's your worth to your family?

How much income from your  
life insurance should there be  
partly or wholly to take your  
place as their support?

Give your dependents  
Prudential Protection



**The Prudential**  
Insurance Company of America  
Home Office, NEWARK, N.J.



## How to select and handle employees

—to secure the utmost in  
cooperation, efficiency  
and productiveness

Here is a comprehensive, authoritative, and practical manual of the principles, practices, and instruments in the important and complicated relationships of management, work, and workers. Filled with helps to apply every day in hiring, testing, training, supervising, directing, disciplining, transferring, promoting, demoting, and discharging employees. Such matters as the use of newer psychological tests and what to do under social and labor legislation are covered, as well as all the best accepted methodology of routine personnel administration.

## PERSONNEL MANAGEMENT

**T**HIS book takes up in a thorough, scientific manner the actual problems of the adjustment of the individual to the work he is best qualified to do. You'll find much to repay you in increased cooperation and efficiency of personnel, in this complete manual, backed up by methods in use by 231 companies employing more than 1,750,000 workers.

### JUST OUT—3rd EDITION

By W. D. Scott, President, Scott Co. Consultants in Industrial Personnel, R. C. Clothier, Vice President, Scott Co., S. B. Mathewson, Formerly National Labor Relations Board, and W. M. Sprigal, Formerly General Superintendent, U. S. Rubber Co., Detroit. 589 pages, illustrated, \$4.00.

#### Look up:

- how to use an effective rating scale
- how to conduct mental alertness tests, and special ability tests
- how to develop the right incentive
- how to use instruments in salary control etc., etc.

**10 DAYS' FREE EXAMINATION  
SEND THIS COUPON**

McGraw-Hill Book Co., 330 W. 42nd St., N. Y. C.

Send me Scott, Clothier, Mathewson and Sprigal's Personnel Management, for 10 days' examination on approval. In 10 days I will send \$4.00, plus few cents postage, or return book post-paid. (Postage paid on orders accompanied by remittance.)

Name .....

Address .....

City and State .....

Position .....

Company ..... BW-1-10-42

(Books sent on approval in U. S. and Canada only.)

## MARKETING

### Arnold vs. Nets

Antitrust Division files  
action against CBS and NBC,  
aiming at decree fulfilling FCC  
antimonopoly program.

What has long been expected by the radio industry happened last week: Thurman Arnold grabbed the anti-monopoly cudgel, which the Federal Communications Commission has been swinging over the heads of the major networks for three years, and sued the National Broadcasting Co. and the Columbia Broadcasting System under the Sherman Act.

• **Two Suits**—Filed in Chicago, the civil action is a double-barreled affair consisting of two separate suits, one against NBC, its parent Radio Corp. of America, and five officers, the other against CBS and three of its officers.

The Mutual Broadcasting System—which has consistently sided with the government in claiming that NBC and CBS are engaging in monopolistic practices and restraint-of-trade—was not named in the actions. In fact, it isn't improbable that Mutual may chime in with a suit of its own, asking for triple damages from its bigger competitors on the claim that they hampered Mutual's growth and badgered its sponsors.

• **What D. of J. Wants**—Obviously aimed at a consent decree, the Antitrust Division's suit is a pretty harsh affair compared to the latest FCC edicts in the antimonopoly field. Here's what the D.J.—in the main—is asking for:

(1) That NBC appoint a receiver to sell one of its two networks. This presumably means disposition of the Blue link, since the more profitable Red would hardly be put on the block.

(2) That NBC and CBS similarly divest themselves of the stations they own in localities where there is limited competition.

(3) That contracts between networks and their affiliated stations be limited to two years (they now run as long as five).

(4) That contracts between networks and affiliates may not be on an exclusive basis, nor grant the right to unlimited option time. In other words, a network could not prevent its affiliates from taking the programs of a competing network, nor could a network indiscriminately option (demand) any or all of an affiliated station's time.

(5) That the networks be more lenient in allowing rival transcription companies access to studios. In the past, NBC and CBS (who operate their own transcription setups) were accused of



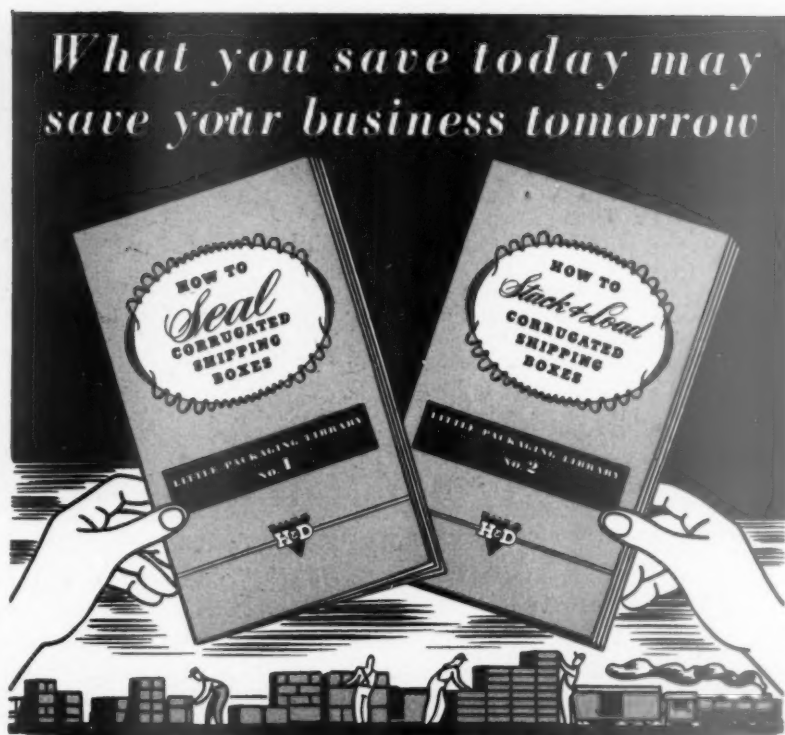
Thurman Arnold, hard-hitting trust-buster, this week hailed the major radio networks—NBC and CBS—into court to answer charges of violating the Sherman Antitrust Act.

barring rivals from running lines into network studios to cut records from "live" broadcasts. (Such records are used for file purposes, or as "rebroadcasts" in areas not reached by the network.)

• **It Started in '38**—The fight as to whether NBC and CBS are or aren't monopolies, and who has the power (if any) to regulate them, started back in 1938, but its biggest flareup has been going on since last May when the FCC issued a batch of rules designed to clip the chains' wings (BW—May 10 '41, p14). Three of these edicts—now re-demanded by Thurman Arnold—were especially tough: (1) a ban on exclusive contracts between a network and its affiliated stations; (2) a ban on option time; and (3) a ban on the ownership of two networks by one owner (which meant that NBC would have to get rid of either the Red or Blue network).

Actually, the foregoing rules never went into effect. A congressional dither stalled them, and finally the FCC rewrote the whole works (BW—Oct. 18 '41, p38). Although this revised text was a little more lenient than the original, it was still plenty tough. NBC no longer was forced to sell one of its networks, but on the other hand affiliated station option-time continued to be under a severe handicap. The new rules stipulated that the broadcast day would be divided into five-hour segments, each subject to a maximum of three hours of options, but on a nonexclusive basis.

• **What Options Mean**—Options are the lifeblood of a network. As used by NBC and CBS, they're virtually blanket orders for time on hundreds of stations, such time being subject to "call" on 28 days' notice. Because neither NBC nor CBS



*Two booklets that give you a wealth of practical packaging information to help you save time, save space, save dollars*

WHILE H & D's mills and factories push production at top speed to meet ever-increasing demands of American business, the scope of Hinde & Dauch Package Laboratory services is extended to help manufacturers attain more efficient packing and storing methods as well as more efficient packaging.

Under this program, two sections of "The H & D Little Packaging Library" are now ready for distribution. These booklets are full of practical suggestions on how to simplify your shipping, packing and storing, thus conserving time, space and material.

There are a number of tricks to packing and

sealing. "How To Seal" tells you which way is best for your products.

There are a number of tricks to stacking and loading. "How To Stack & Load" gives you many worthwhile suggestions on how to reduce damage, how to save time and money.

Just as the services of H & D Package Engineers are available without obligation—the booklets are yours for the asking. Very likely you will want extra copies for key men in those departments where the information

they contain can profitably be employed. Write, telling us how many copies you need; they will be sent to you promptly.

**SAVE  
AND SELL  
WASTE  
PAPER**

**HINDE & DAUCH** *Authority on Packaging*

4261 DECATUR STREET, SANDUSKY, OHIO  
 FACTORIES IN BALTIMORE • BOSTON • BUFFALO • CHICAGO • CLEVELAND  
 DETROIT • GLOUCESTER, N. J. • HOBOKEN • KANSAS CITY • LENOIR, N. C.  
 MONTREAL • MUNCIE • RICHMOND • ST. LOUIS • SANDUSKY, OHIO • TORONTO



own anything but a fraction of the stations on their hookups, they claim they need this time-guarantee in order to assure advertisers of proper facilities when and where advertisers want them.

In view of the fact that the FCC orders crippled this setup, NBC and CBS a month ago filed an injunction suit against FCC on the grounds that the latter has no power to promulgate rules of this type (BW—Nov.8'41,p8). The Mutual Broadcasting System immediately cast its lot with the government and legally intervened in its behalf. And just to make things really complicated, the FCC went to the Department of Justice for help. (This complicated litigation will come to trial in New York on Jan. 12.)

• **Arnold's Goal**—That's how Thurman Arnold got into the backfield on the government's side. And, now that he's there, he'll grab the ball and try for a touchdown run. For one thing, there's no question about the rights of the Antitrust Division to launch a monopoly suit (there's even a special guarantee of this right in the Federal Communications Act). For another thing, the Department of Justice is not so susceptible to congressional pressure as FCC is.

In the interim, NBC and CBS have not been unaware of what's in the wind. NBC has been shaping up plans to divorce its two networks so that in case of a forced sale, they'll already be split apart (BW—Dec.13'41,p58). Similarly it has eased the clauses in its contracts governing exclusive affiliation.

## Repairs on Credit

Instalment companies, with no new cars to extend loans on, try to recoup volume by financing overhauling.

In pre-war days about 60% of all new automobiles were sold on instalment credit. In turn, this automobile credit made up approximately 60% of total finance-plan volume (BW—Report to Executives, Nov.13'37).

• **Big Changes Coming**—Within the past few weeks the big finance houses, cocking a frightened eye on 1942 auto output, have noted how the stream has dried up from the roaring 3,750,000 flood of 1941. What this means to such giants as General Motors Acceptance Corp., Commercial Investment Trust, Commercial Credit Corp., and Universal Credit Corp. is that two vital changes in their market are impending:

(1) Revenue from new-car financing will take a precipitous tumble.

(2) Goodwill relations with auto dealers will enter a new phase.

The second angle is particularly important, for cordial relations with dealers



## RADIO MIXUP

At midnight on Dec. 31, radio station KQW on the Pacific Coast replaced San Francisco's KSFO as the Columbia Broadcasting System's major outlet in northern California. On hand to throw the switch in KQW's San Francisco studios were James L. Middlebrooks (left), liaison officer of CBS, and Ralph R. Brunton, representing the station's owner, Julius Brunton & Sons Co. Behind the event was the story of a mixup between KSFO and KQW that won't be fully straightened out until April in Washington. A few months ago, KQW got an O.K. from the Federal Communications Commission to expand from 5,000 to 50,000 watts. Columbia promptly announced it would use KQW instead of KSFO to cover the area. Then KSFO also petitioned the FCC for permission to expand from 5,000 to 50,000 watts and the FCC canceled its KQW decision pending consideration of the KSFO demand.

are as important to finance companies as readers are to a newspaper.

• **The Answer**—Last week, in big buckeye advertisements, G.M.A.C. announced to the public how the two-pronged problem will be tackled. The solution (common to all major houses, although only G.M.A.C. has to date made a splurge on it) is this: Repairs and accessories for existing autos will hereafter be subject to financing, and an aggressive campaign to that end will get under way.

Essentially, repair-financing isn't anything new. It's been going on for years, but at a small rate, and it never has been pushed. But now that repairs represent

the one big chance for the future, the dust is being brushed off that side of the business, and standardized finance systems have been worked out.

• **Range Is \$25 to \$200**—The range of these plans is from a few dollars to \$200, although credit in excess of that amount can be obtained. G.M.A.C. will underwrite anything from \$25 up. C.I.T. and C.C.C. will begin with \$30. U.C.C. has no floor at all.

Radios, heaters, fog lights, and all types of accessories come under the plan, the same as actual repairs. G.M.A.C. has, additionally, evolved such goodwill frills as special payment dates for motorists whose income is highly seasonal (teachers and farmers, specifically).

• **Dealers Protected**—But one stipulation is adamantly observed in all the plans—the motorist must obtain his repairs or accessories from a "franchised" dealer. In other words, the finance houses have taken pains that their friends, the auto dealers, won't be left out in the cold. Hence, repair work is not covered if it's done by filling stations, body repair plants, and similar specialty outfits.

Since repair work has a small dollar value compared to the sale of a new auto, the "package" plans used in new-car financing will not be offered or pushed. So-called "packages," a comparatively recent refinement, have been devised on new-car transactions as goodwill builder, sales booster, and competitive bulwark against banks, motor clubs, etc. In essence, the ingredients of a package are (1) insurance, and (2) travel club services. The buyer of a financed car doesn't get the package thrown in, but he does get it at what amounts to a wholesale price.

• **Bigger Packages**—Right up to the time of the current stoppage in automobile production, all the major companies had been enlarging and improving their packages. The insurance end usually contains some combination of the following: emergency towing and road service, personal accident insurance, bail bond service, and a credit-life policy (which covers the unpaid balance on an auto in the event of the owner's death).

Finance houses make it plain that they are by no means in the insurance business. That end of the package is handled solely by insurance companies which are the real guarantors of whatever policies are sold. There is, nevertheless, a growing tendency toward finance-company ownership of the insurance companies underwriting their accounts.

• **Emergency Credit**—Motor- or travel-club services include trip-routing, travel information, maps, hotel-restaurant guides, etc. In much the same vein, the package is topped off with a credit certificate which gives the motorist up to \$100 extra credit if he's caught short of change on the road.

So successful has the package busi-

# "A World...Safe For Our Children"

WHATEVER the immediate sacrifices, our Nation is whole-heartedly devoted to a victory which shall achieve what the President, in his first war address, has called, "a world... safe for our children."

In this "all out" program, we must keep our children *safe today for that better tomorrow* which is sure to come. The health and well-being of all our people are vital to the morale which will bring us final victory.

Penn's technical and production resources are now devoted without stint to the needs of our Navy and Army. But, the industries which are an important part of the America we are at war to protect, will continue to receive Penn's support... support by manufacture of accurate, dependable automatic controls... support to preserve health and save our resources of fuel and food.

Of all industries there are none more important to the national



health, well-being and morale than automatic heating and mechanical refrigeration. Penn automatic controls for the products of manufacturers in these fields will continue to be supplied in the fullest measure consistent with the requirements of our military forces.

*Penn Electric Switch Co.  
Goshen Indiana*

★  
**PENN  
HELPS THE  
NATION ARM**

By the manufacture of specialized control devices for the U. S. Army and Navy, and Defense Industries.



REFRIGERATION, AIR CONDITIONING, ENGINE,

HEATING, PUMPING AND AIR COMPRESSOR

**CONTROLS**



## TIME SAVERS

The Chicago & North Western will slash running time materially between Chicago and many points in Wisconsin and upper Michigan with its new \$3,500,000 fleet of "400" streamliners which goes into service on Monday, Jan. 12. Between Chicago and Milwaukee, a distance of 85 miles, the

road will offer 13 streamliner trips daily—schedules calling for running times of about a mile a minute. Biggest time saving (5 hr., 20 min.) will be on the run from Chicago to Ishpeming, Mich. All of the trains will have lightweight, streamlined passenger equipment and all but one will be hauled by Diesel-electric power cars like the two locomotives shown here.

ness become that the smaller independent finance houses have felt the sting of it severely. Hence they are now banding together via the Automobile Touring Assn. to standardize a package of their own and, at the same time, to get the benefit of lower insurance rates as producers of volume business.

• **Acts for 197 Firms**—A.T.A.'s package, currently sold by 197 houses, is comparable to the offerings of the major companies. It includes a travel service via an A.T.A. Motor Club. Membership in A.T.A. is strictly limited to "independents," and the organization is operated on a non-profit basis.

Despite the dark clouds gathering over the new-car business, A.T.A. during the past two months has aggressively campaigned for more membership, now claims representation in 25 states and 75,000 members in A.T.A. Motor Club.

Now that they have to rely on service and repairs to make a living rather than to produce income supplemental to that made on car sales, dealers are looking for new places to turn an honest penny. At the instigation of state trade groups, they are studying the following possibilities: (1) Labor charges should be accurately computed and added to sales price of such items as antifreeze, batteries, etc.; (2) small services should be performed only in connection with bigger items, as, for instance, putting in anti-

freeze only in connection with a motor checkup; and (3) there should be a charge for pickup and delivery of cars to be serviced or repaired.

## From Radio's Book

Two firms now dedicated to selling blocks of space over newspaper "networks." Each has its own approach to problem.

It has commonly been observed that radio's spectacular financial success as an advertising medium has been based to no small extent on the broadcasters' stolid insistence that a sponsor buy no less than 13 weeks of time. In short, radio has built a floor under revenue; and it has literally forced advertisers to be successful by making them use orderly, consistent campaigns.

• **Taking Notice**—Of late, newspapers have been particularly enthralled by radio's block selling of time, because newspapers—more than most media—suffer from sloppy advertising schedules. Analyses have indicated that it is not unique for an advertiser to run a few insertions at irregular dates, then ditch his campaign altogether. How, ask the newspapers, can an advertiser expect

satisfactory results from such helter-skelter plugging? And how can newspapers ever expect to have a really dependable national revenue?

Two attempts to convert the philosophy implied in the foregoing questions into something tangible are now under way. One, called Newspaper Advertising, Inc., was launched last fall by Wilder Breckenridge, former sales manager of the American Newspaper Publishers Association's Bureau of Advertising. The other, organized last week as United Newspaper Advertising, Inc., is headed by Harvey Malott, recently advertising director of the Kansas City Journal.

• **Methods Differ**—Although both firms have the same basic idea—to sell blocks of space over a "network" of newspapers—their ways of handling it are quite different. Newspaper Advertising, whose four-month groundwork is now finished, accepts insertions for picture pages only. In other words, it specializes in selling preferred position. Thirteen newspapers are affiliated with the Breckenridge firm, pay for services on a retainer-fee basis.

In addition to the inducement of preferred position, advertisers are granted discounts ranging from 74% to 20%, depending on size of schedule; and they may use different copy in different markets without paying extra for this frill. From its side of the picture, Newspaper Advertising insists on (1) contracts running for at least 13 weeks, (2) use of a certain number of papers as minimum "network," and (3) nothing smaller than quarter-page insertions. On this basis, a minimum contract covering all 13 papers would run to around \$75,000.

• **More Papers**—United Newspaper Advertising, last week's addition to the field, will cover more papers—96 of them in 96 markets—but won't offer preferred positions as specialty. Advertisers must use at least eight insertions, and they must use the entire block of papers.

Inducements for these extended purchases include (1) special discounts geared to size of contract, (2) a saving in production costs. In the latter respect, United promises to take over from the advertiser or his agency the making and distribution of the physical side of the advertisements if a master copy is provided. Like Newspaper Advertising, United will be paid for its sales job on a retainer basis. The first rate card becomes effective in March.

That both exponents of the block-space idea have picked a tough point on the economic graph to start operations is a foregone conclusion. However, operations are planned on a scale surpassing all previous attempts in the same direction, and the executives are better known to the trade. And from the viewpoint of newspapers as a whole, any underscoring of the block idea—no matter what the status of economic conditions—is a distinct increment.



# SEE IF LYON CAN MAKE IT

These shapes represent typical jobs our two big metal working plants are taking in stride. We hope they will bring home to every plant making armament that requires units or parts of units fabricated from No. 10 to No. 24 gauge metal, the desirability of investigating our facilities for producing such parts.

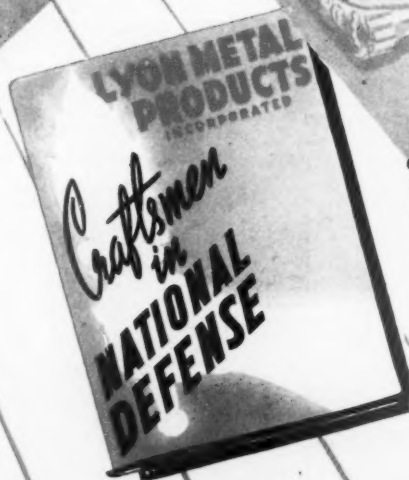
Lyon's two big modern plants are organized for 24-hour operation. Plant facilities include shears, punch presses, double crank presses, power brakes, spot, arc and gas welders, baking ovens, washing machines, dip tanks, spray equipment, etc., occupying over half a million square feet of plant area. Modern toolrooms in each plant are capable of producing necessary dies and jigs to service all production equipment.

See what Lyon can make to help you speed up the job of keeping 'em rolling, flying and shooting.

## LYON METAL PRODUCTS, INCORPORATED

General Offices, 1001 Madison Ave., Aurora, Illinois

Sales and District Offices Manned by Experienced Engineers in All Principal Cities



**GET ALL THE FACTS:** This comprehensive brochure has been prepared to simplify the task of determining where Lyon facilities can be used to best advantage in accelerating armament production. A copy is yours for the asking.

## LYON METAL PRODUCTS, INCORPORATED

# How to Write Better Business Letters

BY  
**EARLE A. BUCKLEY**

Direct Mail, Correspondence, and Letter Specialist of nineteen years' experience.



Second Edition  
201 pages, 5½ x 8, \$2.00

"Chock full of tested methods to increase the calibre and productivity of letters."  
*Chicago Credit News*

**YOU** can make dictation or letter writing an easier job and at the same time make letters do more work, with the aid of this helpful book. In simplest possible manner it shows the essentials of good letter writing and with pointers and examples from the work of successful letter writers shows how to make your own letters more productive. Covers all the regular correspondence needs of business offices, including sales letters.

## A practical business manual

The book is one of a series especially planned to help business men with boiled-down, simple treatment of their problems—suitable for the smaller business owner-manager as well as the specialized worker or executive in larger concerns.

## Tells how to

- write attention-getting openings
- develop the body of the letter effectively
- write action-compelling closes
- write an adjustment letter
- write an inquiry letter
- write collection letters
- revive inactive customers
- avoid "telegraphic" letters
- make every letter a sales letter, etc., etc.

## Make every letter you write a real business-builder

Every letter—of inquiry, proposal, or adjustment—has a job to do. But so routine a part of business is correspondence that the profit possibilities in improving it are often overlooked. Try Buckley's methods in your letters—even a slight increase in efficiency of each one will mean a lot in a month's time.

## 10 DAYS' TRIAL—SEND COUPON

McGraw-Hill Book Co., 330 W. 42nd St., N.Y.C.  
Send me Buckley—How to Write Better Business Letters for 10 days' examination on approval. In 10 days I will send \$2.00 plus few cents postage, or return book postpaid. (We pay postage on orders accompanied by remittance.)

Name .....

Address .....

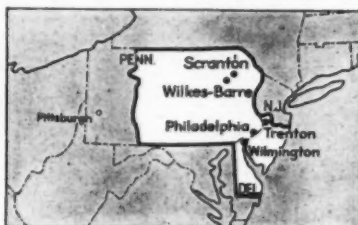
City and State .....

Position .....

Company ..... BW. 1-10-42  
(Books sent on approval in U. S. and Canada only.)

# The Regional Market Outlook

**PHILADELPHIA** (Income Index—133.4; Month Ago—132.0; Year Ago—115.2)—Dual tendencies of contraction and expansion have been intensified in this Reserve district. To dislocations caused by silk and metal shortages must now be added possible layoffs in cloth, carpet, and apparel factories, resulting from curtailment of raw-wool use. But payrolls in direct war industries—ships, ordnance, aircraft—are on the rise as the drive, backed by the government, for



37,023 sq. mi.

pop. 7,777,910

**CHICAGO** (Income Index—141.3; Month Ago—139.6; Year Ago—122.2)—Widespread unemployment is bound to result in Detroit and other auto towns from OPM's passenger-car production ban. Concurrently, of course, plants will be converted to war work and others will be built (as at Fort Wayne, with its new aircraft engine and supercharger works) and by midyear this may more than offset the priorities disemployment.

Other civilian durable goods cities and towns will not fare so badly. Although farm-implementation output may be set below the 83%-of-1940 quota, arms orders to utilize capacity are assured; ultimately, this will lift sagging payrolls in Milwaukee and elsewhere. Demand for Grand Rapids wood furniture may continue strong, but many consumer-goods factories there are pinched by metal shortages. In Davenport-Rock Island-Moline (an arsenal and machinery area), Indianapolis (BW—Dec. 6 '41, p90), and

around-the-clock operations takes hold.

This city, still the focal point of the district's arms effort, will gain important government offices shifted out of Washington, D. C., "for the duration." Nearby Camden, Chester, Pottstown, Ardmore, etc., are especially active armament centers. Payrolls have not advanced nearly as sharply in Trenton, Scranton, and Reading. In Altoona, freight-car building and repair are near capacity; nevertheless, some slight further expansion is possible.

Farm income (up 15% to 20% over 1940) has lagged behind the nation's agricultural receipts as well as behind district industrial payrolls. Last quarter returns picked up, however, and if the hoped-for boosts of 25% to 30% in truck, egg, and other war food production materialize in 1942, rural markets here may rival urban in sales gains, weather conditions and the farm labor supply permitting.

other spots, arms work will boost net employment in near-by months. Thus, immediate sales prospects vary from industrial city to city.

The farm outlook continues bright. Record pig farrowings and dairy output are anticipated; and prices are rising. Rural sales lagged behind urban during 1941, but now gains in agricultural sections may even surpass those in priorities-struck cities, at least during the coming quarter.



190,446 sq. mi.

pop. 19,406,389

**SAN FRANCISCO** (Income Index—152.8; Month Ago—150.4; Year Ago—123.8)—Employment in this district's numerous aircraft plants and shipyards is likely to increase substantially. Arms facilities may well be expanded further in coming months in and around this city, Los Angeles, and Seattle.

In the Portland area, some 10,000 men already are at work on defense—in aluminum plants at Troutdale, Ore., and Longview and Vancouver, Wash. (all

drawing on Bonneville power), and in shipyards and arms factories at Portland. Further gains in payrolls are likely. But the area, along with most of the West Coast north of San Francisco, is normally dependent on income from agriculture and lumbering.

The actual outbreak of war has improved the lumber outlook. The expanded cantonment program will tend to offset the effect of SPAB's order curtailing home building (BW—Dec. 6 '41, p90). In December, new orders soared on the government's entry into the market.

Farm-income gains in almost all rural sections are likely to outstrip the national average. "War foods"—fruits, vegetables, dairy and livestock products—are especially important in this district, and favorable prices are assured. Livestock condition is well above average, and Southern California's citrus crop is up to last year's high level.



685,438 sq. mi.

pop. 11,280,195



## Packaging—all on one ticket!

- Never before have packages been subject to such critical scrutiny. Conservation of materials is of the greatest importance—waste cannot be tolerated. Costs have taken on a new meaning. New problems of distribution must be met.
- In helping our customers adjust to current conditions—in supplying quantities of packages for Government and allied Defense purposes—our uniquely integrated, thorough approach to packaging proves doubly valuable today.
- Unified control of raw materials, paper-making mills and package factories puts the whole packaging job "on one ticket" . . . makes it easier to avoid waste of materials and money, easier to find the most efficient materials and design for each particular job. Strategic location of plants and offices expedites delivery and service, favors costs.
- Our packaging experts will be glad to discuss with you the new and immediate problems affecting your packaging, and the necessary limitations put upon our deliveries by urgent Defense orders.

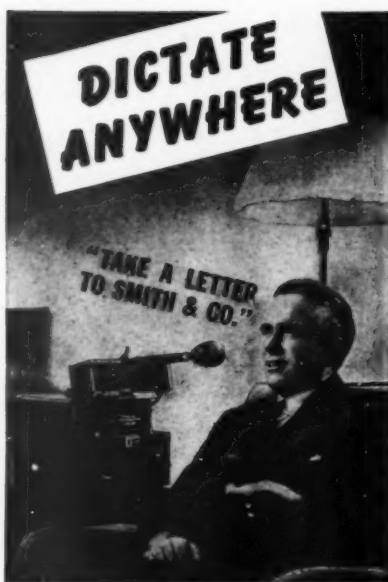


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CORRUGATED AND SOLID-FIBRE SHIPPING CASES • FOLDING CARTONS • BOXBOARDS





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Sales managers get pep and personal contact into their messages to field men by sending their live voice.

SoundScriber's new portable has all the features of the famous standard model—low cost, clear tone, freedom of movement. No mouthpiece to hold—sensitive radio-type microphone gets every word. Send coupon today for a demonstration.

**TRANSCRIBING  
IS FUN WITH THE NEW  
SOUNDSCRIBER! NO NOTES,  
NO EARPHONES—JUST  
A CLEAR VOICE!**



THE SOUNDSCRIBER CORP., Dept. B-1,  
82 Audubon St., New Haven, Conn.

- ☐ Send free booklet describing SOUNDSCRIBER.  
☐ Demonstrate SOUNDSCRIBER at my office on \_\_\_\_\_

(date) \_\_\_\_\_ at \_\_\_\_\_ (time) \_\_\_\_\_

I understand this involves no cost or obligation.

Name \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

## Thinner Catalogs

Spring-summer books of Sears and Ward reflect problems of price and supply. Boost in soft-goods lines is notable.

This week Sears, Roebuck and Montgomery Ward again launched their biggest annual promotion—the spring-summer catalogs. Which means that within the next few days retailers from one end of the land to the other will begin thumbing through the weighty books to see how their giant competitors are steering through these troubled times. Briefly, what they'll see is a sharp boost in prices and fewer pages—the latter fact reflecting apprehension about shortages.

Admittedly, both houses had their fingers crossed when they put the catalogs together. In the first place, what bothered the compilers was what amount of space to allot to the various items. A catalog page is worth thousands of dollars. Normally the items which occupy it are given space and position against the background of current sales and long-range performance. But now this system is partially obsolete.

• **Crucial Guessing**—Next, the matter of prices is extremely ticklish. A mail-order house can't change prices like a corner grocer, has to compute some sort of average to cover the life-span of the catalog. If the house guesses too high, sales are affected. If it guesses too low, financial troubles may loom ahead.

All in all, Sears and Ward couldn't completely batter down these difficulties. They had to make qualifying statements about prices and the availability of merchandise—or, as one official put it, the books have "more hedges than a well-groomed estate." Specifically, this is what has happened:

**Prices:** Up 15% and sometimes more. Boosts are most notable in soft-goods lines, particularly as regards woolen and cotton textile merchandise. And, of course, prices are not guaranteed, may change if costs rise. Similarly, time-payment terms are qualified with the warning that they are subject to change by government order.

**Size of Book:** Sears' opus has something like 10% fewer pages than the comparable volume of a year ago. But there is more color, and since color takes heavier paper the new book weighs more than its bigger predecessor. Ward's catalog registers a very slight decline from 1,060 pages to 1,046. The proportion of color to black and white remains about the same.

**Merchandise:** As expected, there is a sharp emphasis on soft goods, and an equally sharp decrease in the space devoted to metal lines. In the Ward cata-

log, for instance, tires last year occupied 12 pages; now they get only 10. Stoves have declined from 15 pages to 10; refrigerators from 5 to 2; washers from 3 to 2. Many a hard-to-get item is labeled with a box-type warning that ability to fill orders is not guaranteed. Included in this category are galvanized articles, copper and aluminum goods, and industrial grades of duck and canvas.

Conversely, ready-to-wear clothing, style goods, domestics, etc., get more pages than a year ago. Home furnishings, especially furniture and floor coverings, also get a big play despite the fact that stock is probably limited. Evidently an attempt is being made for big ticket sales on the remaining merchandise in these lines.

## Experiment Fails

Macy drops its branch in Syracuse, apparently because smaller scale operation didn't work like parent's own.

R. H. Macy & Co., New York department store, has been a traditional believer in mammoth volume coupled with a cash policy on the grounds that this combination generates lower prices. Such being the heart and soul of its merchandising, Macy's, for many years, eschewed suburban branches or the chain-like expansions plotted by other department stores.

• **Tryout**—About a year ago, however, Macy's launched an experiment designed to incorporate the quick-turnover, cash-only system into the requirements of a less populous community. In Syracuse, N. Y., the Manhattan giant opened a small, four-floor store (45 ft. front), and stocked it with only those items which had proved to be fast movers in Gotham (BW—Nov. 16 '40, p. 54).

Labeled "Macy's of Syracuse—A Star Item Store," the new venture was of the semi-selfservice type, strictly adhered to cash standards. Clerks assisted customers only when asked to do so. Items too big to carry home weren't stocked. Ready-to-wear goods, stationery, groceries, toilet goods, and certain lines of home furnishings and appliances were prominent on the inventory. All in all, it was a "laboratory unit."

• **A Misconception**—Now the experiment has abruptly ended. Macy's closed the store with 14 years to go on the lease, saying the venture has been "disappointing." No mention was made of the real fly in the ointment, but reading between the lines, trade observers thought they discerned one key fact: The store had been neither fish nor fowl. Macy's almost conceded as much in a publicity release which commented

that "in spite of heavy emphasis upon special features, many Syracusans still anticipated a complete Macy's in Syracuse." Thus it appears that a store composed of nothing but quick-sellers may have the same faults as a football team composed only of star players—teamwork may be lacking. On the other hand, the experiment was surely not 100% conclusive. Macy's says the closing was "without prejudice to the basic ideas back of it" and "further small unit limited service operations may be undertaken experimentally with the arrival of more normal economic times."

• **One Left—Unaffected** by the Syracuse shutdown is a second Macy branch also opened about a year ago. This one is located in Parkchester, the Bronx, site of the world's largest housing development. But the Parkchester unit, unlike the Syracuse experiment, is a complete store with full services, and, according to its parent, "is more than meeting expectations."

## Filling Up the Cans

**SMA aiding processors as well as farmers in campaign to meet food manufacturing goals. Funds available for facilities.**

Because U. S. farmers not only have to feed their fellow citizens, but are expected to help the Allies, too, the Department of Agriculture last fall asked them to raise enough food in 1942 for an additional 10,000,000 people (BW—Sept. 13'41, p17). Thus, having polished off the extractive side of the problem, the D. of A. now is taking up the processing end, similarly setting up goals for 1942 food manufacturing.

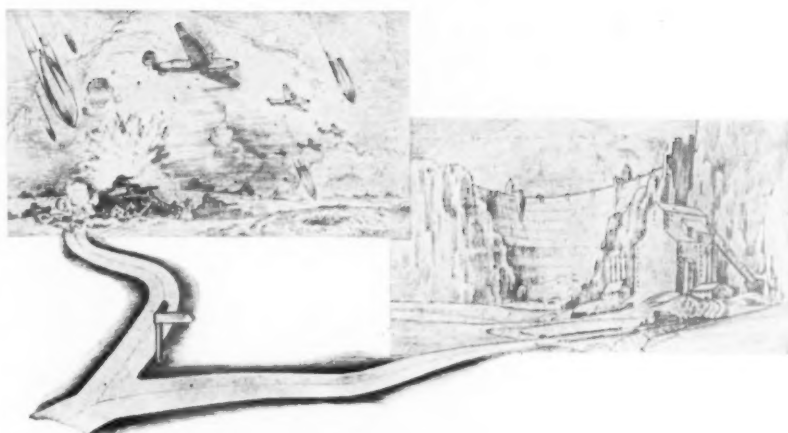
• **Canning Program**—So far canned vegetables and dairy products have received primary attention. Here's the program as developed to date:

	Quantity in Millions	% Change from 1941
Canned tomatoes (cases)*..	40	+25
Canned peas (cases).....	38	+35
Canned snap beans (cases)..	12.5	0
Canned corn (cases).....	24	-8
Evaporated milk (cases)....	82	+20
Dry skim milk (lb.).....	525	+26
American cheese (lb.).....	900	+33

\* A case is 12 No. 2 cans.

Meantime a floor is being built under tomato and pea prices as an incentive for farmers and packers to meet the goal. Via its Surplus Marketing Administration, the D. of A. will buy all tomatoes offered prior to Dec. 31, 1942, at 95¢ per dozen No. 2 cans (U. S. Grade C) f.o.b. cannery. Peas (Alaska and Sweets) are guaranteed \$1.10 on the same basis.

• **Contract Prices**—Furthermore, in order that the farmer may not be forgotten,



## We Shall Try to Keep the Record Straight

Do NOT picture the explosives manufacturer as one who simply presses a button and, presto! peacetime commercial explosives production is transformed into powder for shells and bombs.

To begin with, commercial explosives manufacturing facilities are not suitable for munitions production. Dynamite is not used in bombs and shells. TNT is not made in a dynamite plant. Complete new plants must be erected on a gigantic scale.

Peacetime explosives are essentials of constructive effort, so much so that Government recognizes their necessity in construction projects, in mining, in quarrying and other primary enterprises. Continued production of commercial explosives is important in maintaining the economy.

In the second place, the making of explosives is only one of the uses to which chemicals are put by an industry such as "Atlas Powder." Other Atlas chemical products—finishes, coated fabrics, activated carbons, synthetic chemicals, processing aids—are fundamental products indispensable to many phases of industry.

War demands come first—and Atlas has enlisted for the duration.

What Atlas has to offer is "knowledge" in the art and science of explosives making—experience, technique, laboratory foresight—the capacity to organize and train for large-scale production. Atlas is now operating for the Government, Government-owned plants such as those at Ravenna, Ohio, and Weldon Spring, Mo. In these plants, we are contributing our competency and service on a fixed fee basis.

But with all our involvement in the war effort, we are doing our level best and meeting the demands of commercial production. As in any other industry, problems are tough and plentiful. Ingenuity, elbow grease and patience are great aids when producer and customer cooperate—it is amazing how much can be accomplished—and we shall try to keep the record straight.

**ATLAS POWDER COMPANY, WILMINGTON, DELAWARE**  
Offices in Principal Cities



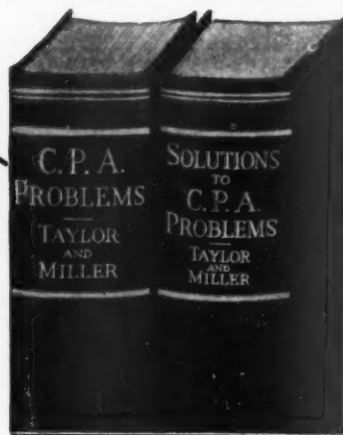
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Explosives • Chemicals  
Coated Fabrics • Finishes  
Activated Carbons

**DARCO—ATLAS—ZAPON**

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First the authors submit problems requiring the computations involving financial and operating statements, their preparation, revision, and analysis. Then problems in various types of organization—individual proprietorship, partnership, corporation—including questions in division of profits, change in interest, liquidation, sale, refinancing, and so on, and in mergers and consolidations. Special problems concerned with cost accounting, valuation of fixed assets, and special relationships of fiduciaries, banks, brokers, real estate, insurance, and other angles are next presented. Problems requiring income tax calculations are in each instance placed according to the major accounting principles involved.

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Then, in the self-same order and arrangement, the authors place right before you detailed so-

lutions—carefully worked out in accordance with sound accounting theory and accepted practice—to each of the problems propounded. Everything essential to a clear understanding of the fundamental principles and procedure involved in each case has been included. Frankly, everyone who is facing the probing fingers of a C.P.A. examination will do so with far more confidence and greater assurance of success if he has fortified himself with the tested aid and guidance of this comprehensive unit.

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NOW READY**

Just out, 2nd edition of *Solutions to* match recently published 2nd edition of the problem book—now brings set up to date; representative of recent examinations, latest practice.

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per set, \$10.00

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Examine books on approval;  
pay \$1.00 in 10 days and  
\$3.00 monthly for 3 months  
if you keep them.

### SEND THIS COUPON

McGraw-Hill Book Co., 330 W. 42nd St., N. Y. C.  
Send me Taylor and Miller's C.P.A. Problems and Solutions to C.P.A. Problems, 2 vols., for 10 days' examination on approval. In 10 days I will send \$1.00, plus few cents postage, and \$3.00 monthly for 3 months, or return books postpaid. (Postage paid on orders accompanied by remittance of first installment.)

Name .....

Address .....

City and State .....

Position .....

Company ..... BW-1-10-42  
(Books sent on approval in U. S. and Canada only)

the D. of A. will recommend, through its own state defense boards, that farmers get minimum contract prices for peas and tomatoes from canners who want to do business with SMA. As things stand at present, such prices will be \$5 over the 1940 price of tomatoes, or \$2.50 to \$3 over the 1941 price.

It's not probable that beans and corn will be similarly favored. The SMA hasn't such big lend-lease requirements among these edibles as among peas and tomatoes. Dairy products also are not on the price-pegging schedule because dairy prices already are deemed to be soaring on comfortable clouds.

● **Forward Pass by OPM**—Aside from re-emphasizing the fact that the U. S. is the No. 1 breadbasket of the Allies, the SMA program also heavily underscores the fact that SMA—not OPM—is the big shot in all phases of the food field. OPM, to be sure, has a food branch, but SMA has had more experience in long-range projects, hence OPM has forward-passed the ball to the food agency.

Automatically this means that SMA's hand on the priorities faucet has been greatly strengthened. For instance, SMA recently started a drive for more egg-drying facilities, and it wasn't any time at all until the necessary priorities had miraculously appeared.

● **Help for the Processors**—Now SMA is out to buck up the canned dairy and vegetable processors—not only with priorities but with cold cash as well. This program involves five-year tax amortizations, and, in some instances, the use of lend-lease funds for plant facilities. Operators lease such capital additions from the SMA with the customary option to buy after the war (a system quite similar to the Reconstruction Finance Corp.'s defense-plant program).

So far five processors, four of them cooperatives, have availed themselves of this SMA help. Three of the cooperatives are Minnesota-Wisconsin cheese and evaporated milk producers.

● **New Goals to Be Set**—Look for new SMA food goals in the near future. The following may be expected to rank high on the list: citrus fruit pulp (used as base for British marmalade, and a new export product for the U. S.), concentrated fruit juices, and processed meat (particularly pork).

### SPORTSMEN'S SHOW

The war has brought wholesale cancellations of trade shows and expositions, but the annual National Sportsmen's Show is going on just the same. The 1942 show is scheduled for New York City's Grand Central Palace, Feb. 21 to Mar. 1. Report is that a good part of the space the show is allotted on three floors of the Palace already has been gobbled up.



## PRODUCTION

### Magnesium Push

Production of vital war metal soars toward astronomical levels. Internment of Hansgirg causes undue alarm.

Despite the fact that Dr. Fritz Hansgirg spent the holidays in San Jose (Calif.) jail as the involuntary guest of FBI, the magnesium extraction plant which he laid out for Henry J. Kaiser's Permanente Corp. (BW—Nov. 22 '41, p35) continues to produce. Although Permanente's superintendent, Harry P. Davis, has been consulting with the Czech scientist daily, opinion on the West Coast now leans to the notion that the plant can operate entirely without the doctor, that predictions of a quick plant fold-up following his detention failed to take cognizance of the resources of good old-fashioned Yankee ingenuity.

• **Impressive Totals**—Even though there had been a complete flop at Permanente, and all the proposed annual production of 48,000,000 lb. of magnesium had gone out the window, less than 13% of the future total national magnesium capacity under contract or actually operating on Jan. 1, would have been affected. The following figures measuring annual capacity (in pounds) are reassuring:

Dow Chemical Co.	126,000,000
Permanente Corp.	48,000,000
Basic Magnesium Corp.	112,000,000
Diamond Alkali Co.	36,000,000
Mathieson Alkali Works.	36,000,000
International Minerals & Chemical Corp.	24,000,000
Total	382,000,000

The figures become still more reassuring when it is appreciated that Dow's original Midland (Mich.) plant alone is producing the "lightest structural metal" at a rate in excess of the 11,000,000 lb. of primary metal (and about 375,000 lb. of secondary) used nationally for military and civilian purposes in all of 1940. Military considerations being what they are, there are and probably will not be any figures released on the production of Dow's Freeport (Tex.) plant for extracting magnesium from sea water (BW—Sep. 21 '40, p20). Draw your own conclusions from the fact that it went into production a year ago with a bogie the same as Midland's and the further fact that there have been considerable plant additions.

• **Lighter Than Aluminum**—Magnesium, which touches most peoples' lives in the form of morning-after milk of magnesia, or possibly of old-fashioned

## THE 8 POINTS

Of superiority that have made Harrisburg Seamless and Drop-Forged Steel products preferred wherever uniform quality and top-flight performance are required. Here you will find the complete story of why Harrisburg products are so much in demand.

- 1 To make a high quality product, the steel itself must be right and that is why Harrisburg makes its own steel thus insuring quality from the very start.
- 2 Here is a self-contained steel plant . . . big enough to fill the large orders promptly and small enough to give personal attention to special requirements.
- 3 Years of uninterrupted service, since 1853, have created a "Know-how" that only comes with long years of experience. Eighty-nine years of continuous manufacture is evidence of satisfactory customer service.
- 4 Harrisburg plant and equipment is up-to-the-minute . . . thus making possible precision production at moderate cost. Plant additions and improvements have more than doubled production without sacrificing Harrisburg's traditional high quality.
- 5 Harrisburg Superintendents, Foremen and Workmen are employees of long experience . . . experts who have come up through the ranks and artisans who know each complicated operation thoroughly.
- 6 The Harrisburg organization is old in tradition and service over the years, yet up-to-date in the fast-changing "World of steel" of today.
- 7 A complete service organization of Engineers, Metallurgists, Chemists and Designers at your disposal for research and development work.
- 8 The world's largest producer of Seamless plate-made High Pressure Gas Cylinders and specializing in the production of Alloy and Carbon Steels; Seamless Steel Cylinders, Pipe Coupling; Pump Liners, Bull Plugs and Liquefiers; Hollow and Drop Forgings; Pipe Flanges; Aerial Bombs; Coils and Bends.

**HARRISBURG**  
**STEEL CORPORATION**  
**HARRISBURG, PENNSYLVANIA**

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AND THE SUNNY SOUTH



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WHEN you go via Coast Line you have your greatest choice of through Pullman and de luxe coach accommodations . . . Diesel-powered trains . . . latest travel luxuries . . . fast schedules . . . convenient departures and arrivals. You make distinctive travel a delightful part of your vacation.

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### BREWERY DELUXE

Likely to remain "the last word" in breweries until the war ends, the new \$1,000,000 San Francisco plant (above) of Acme Breweries, with a capacity of 400,000 bbl. a year, is the biggest installation west of St. Louis, according to Karl F. Schuster, president. The inside surface of the glass bricks which form part of the walls are tinted amber like beer bottles—and for the same reason. Other features include a storage cellar (left) with 15 glass-lined tanks set into walls of hollow tile, and fluorescent lighting.



photographic flashlight powder, looks like aluminum, but is one-third lighter and just about as strong. In pure form it is highly flammable, burning with a bright white light that makes it an ideal material for flares and incendiary bombs.

Alloyed with aluminum, copper, nickel, manganese, or other metals in relatively small quantities, it becomes sufficiently fire-resistant (it still has to be melted under air-excluding fluxes and machined under liquid coolants) to be formed into light, tough forgings, castings, sheets, and shapes for airplane parts. (It was just getting started in civilian sewing machines, vacuum cleaners, etc., when lend-lease needs chopped off all peaceful applications.)

• **Aircraft Needs**—When it is considered that as much as 1,000 lb. of magnesium may be used in the manufacture of a military plane (plus endless quantities in the bombs and flares they carry) and that 5,000 planes per month is the new schedule for 1942, the need for seemingly astronomical production becomes apparent.

In general there are two main meth-

ods of producing metallic magnesium: by electrolyzing magnesium chloride and by electrosmelting magnesium oxide. Principal sources of the chloride are brine from driven wells running about 3% magnesium, as at Midland; sea water running about 0.13% as at Freeport; magnesite ore ( $MgCO_3$ ), containing 28.7% Mg; dolomite ( $MgCO_3 \cdot CaCO_3$ ), containing 13.8% Mg. The oxide, used thus far only in the Hansgirk process, comes mainly from brucite ( $Mg(OH)_2$ ), 41.6% Mg.

• **Brine Process**—As the original American producer, Dow uses its own patented process, and not a German one as is popularly supposed (BW—Sep. 21 '40, p23), modifying it somewhat for the differing requirements of brine and sea water. In essence, a long and complex series of chemical reactions produces a dehydrated magnesium chloride. This is melted in steel "cells" not unlike those use in the extraction of aluminum from its oxide. The steel acts as a cathode in the electrolysis, graphite electrodes as the anode. Since the fused metal is lighter than the molten chloride bath, it

risers to the top, is ladled off, and cast into 17-lb. pigs of 99.9% purity.

Basic Magnesium Corp. will use the equally proved English-German I.G. process, known as the Magnesium Electron, Ltd., or M.E.L. process at its three plants in Nevada. It is reported that magnesite will be calcined and then chlorinated by heating with carbon and chlorine in large electric resistance furnaces. Molten chloride will be tapped from the furnace directly into electrolytic cells similar to those used by Dow, except that the cells will probably serve the combined purpose of dehydrating the chloride and extracting the metal.

• **Other Processes**—The operations of Diamond Alkali and Mathieson Alkali are both based on the use of dolomite and calcium chloride that has been a waste product of their alkali plants. Dolomite is calcined. The magnesium and calcium oxides are treated with calcium chloride to convert the magnesium to the chloride. The mass is then treated with carbon dioxide gas from the calcining operation to convert all calcium to the carbonate. After this is removed by filtration, magnesium chloride is concentrated and electrolyzed in Dow cells. Diamond's new plant is at Painesville, O., Mathieson's at Lake Charles, La.

International Minerals & Chemical Corp. (formerly International Agricultural Corp.) has been working some time on ways and means to utilize a magnesium chloride byproduct of its potassium sulphate operations at Carlsbad, N. M., where it processes brine from wells. The chloride, which has hitherto been sent to waste in about an 18% solution, will now be further concentrated and shipped to its new plant in Austin, Tex., for Dow cell electrolysis.

• **Hansgirk Method**—Differing fundamentally from all other magnesium processes now in use, the Permanente-Hansgirk process takes either brucite or calcined magnesite and processes it into magnesium oxide. The oxide is reduced to metallic magnesium by a combination of high heating in electric resistance furnaces and sudden chilling in a stream of natural gas (BW—Nov. 22 '41, p. 35).

H. A. Doerner of the U. S. Bureau of Mines has been working on a similar heating-chilling process of producing magnesium from magnesite at Washington State College's School of Mines. A semicommercial pilot plant is in operation at Pullman, Wash.

• **TVA Has a Secret**—Also in the pilot plant stage is a new process under secret development by TVA researchers for producing magnesium from olivine (also called chrysolite and sometimes used as semi-precious gems), a magnesium-iron silicate,  $(Mg, Fe)_2SiO_4$ . Advance reports say that olivine deposits in the Tennessee Valley area are "unique in both quality and occurrence," that olivine "contains more magnesium than any other commercial material."

## HARNESSING THE

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## Prize Chemicals

Sulfamic acid and sulfamide (not of "sulfa" family) emerge from laboratory with bright industrial future.

Add sulfamic acid to your list of workaday chemicals—and with it its versatile salt, ammonium sulfamate, which is both a killer of poison ivy, and other weeds, and a flameproofing agent of cloth, clothing, and paper.

● **Out of Laboratories**—Until three years ago, they were laboratory curiosities. Then the researchers of E. I. du Pont de Nemours & Co. discovered and patented new and simpler sulfamic processes.

Stripped of technicalities, fuming sulfuric acid is added to urea, or carbamide, and out comes sulfamic acid, now available for the first time in tonnage quantities from a brand new plant at Grasselli, N. J. Further processing of sulfamic acid yields sulfamide (not to be confused with the "sulfa drugs"), which is then split up into ammonia and ammonium sulfamate.

● **Versatile**—Already sulfamic acid is finding wide industrial use. In leather tanning, skins processed with sulfamic acid have a finer, silkier grain than those prepared with sulfuric acid. Laundries are finding it an improved "sour." Sulfamic

metal polishes show improved scouring and polishing properties. Nitrous oxide (laughing) gas is made easily by heating nitric and sulfamic acids together. Work is under way on sulfamic applications to electroplating and electrochemical metal recovery, textile dyeing, photographic fixing and bleaching baths, acidizing oil wells, and other processes.

Some of the industrial applications of the acid may have to wait until Grasselli gets caught up on requirements of ammonium sulfamate as a flameproofing agent of clothing, draperies, mattresses, defense workers' overalls and coveralls, uniforms for air raid wardens, paper, and other normally flammable items. Application is a simple dipping or spraying operation.

Although it is as simple as starching, it leaves no starchiness, "does not adversely affect the 'feel' or appearance of even the sheerest fabrics," but puts them in a condition where they "will char in contact with flame but will not burn."

● **Home or Laundry Use**—Though the fire-retardant can be applied easily at home, the expectation is that laundries and dry cleaners will go for it in a big way. Retail marketing in 5-lb. packages as "Du Pont Fire Retardant" is being tested in New York, Chicago, and Cincinnati.

In the meantime, the demand for ammonium sulfamate as a killer of poison ivy and other weeds may also have to mark time.

## Records for Moly

As it substitutes for many scarce alloying metals in steel trade, production goes to a new high and will go still higher.

Ample supplies of molybdenum should be available. This, the only steel-alloying element found in abundance in the U. S., is taking the place of scarcer materials such as tungsten, nickel, and chromium or is being combined with them to make hard steel for war requirements.

● **Record Output**—Climax Molybdenum Co.'s huge mine on the Continental Divide in Colorado is now pouring out "moly" at the rate of 32,000,000 lb. a year, or as much as the whole world produced in any year before 1941, and 4,000,000 lb. better than Climax's own former high.

U. S. production is now at the rate of 45,000,000 lb. yearly, and will go higher in 1942. Climax alone expects to run at the rate of 37,000,000 lb. when a new mill unit, to treat 2,000 tons more ore a day, is completed in May, 1942. Even though the present mill is treating 15,500 tons daily, it's the bottleneck. The crushing plant can handle 20,000 tons daily.

● **More Ores**—Climax has done so much exploring that diamond drill cores, if laid end to end, would measure 26 miles. Its estimate of ore reserves, in the huge cone-shaped deposit of moly-permeated rock, mounts all the time.

It is now up to 200,000,000 tons of ore containing at least a billion pounds of moly. The drills have gone down 3,000 feet and no bottom limit on the ore has been found. Nor have the edges of the ore body been located to the north and east. The ore averages about  $\frac{1}{2}\%$  molybdenite, or 10 to 11 lb. a ton. The mining is done by simply caving down the mountain and treating the broken rock. When rock contains a minimum of 4 lb., it is used.

● **Little for Axis**—The 13,000,000 lb. of yearly production not supplied by Climax are a byproduct of copper mining at Bingham, Utah, and at other points, and of tungsten and lead production in California and Arizona. Only large source known to be available to the Axis is the Knaben mine in Norway, which is reported to have produced about 1,000,000 lb. a year before the outbreak of the war.

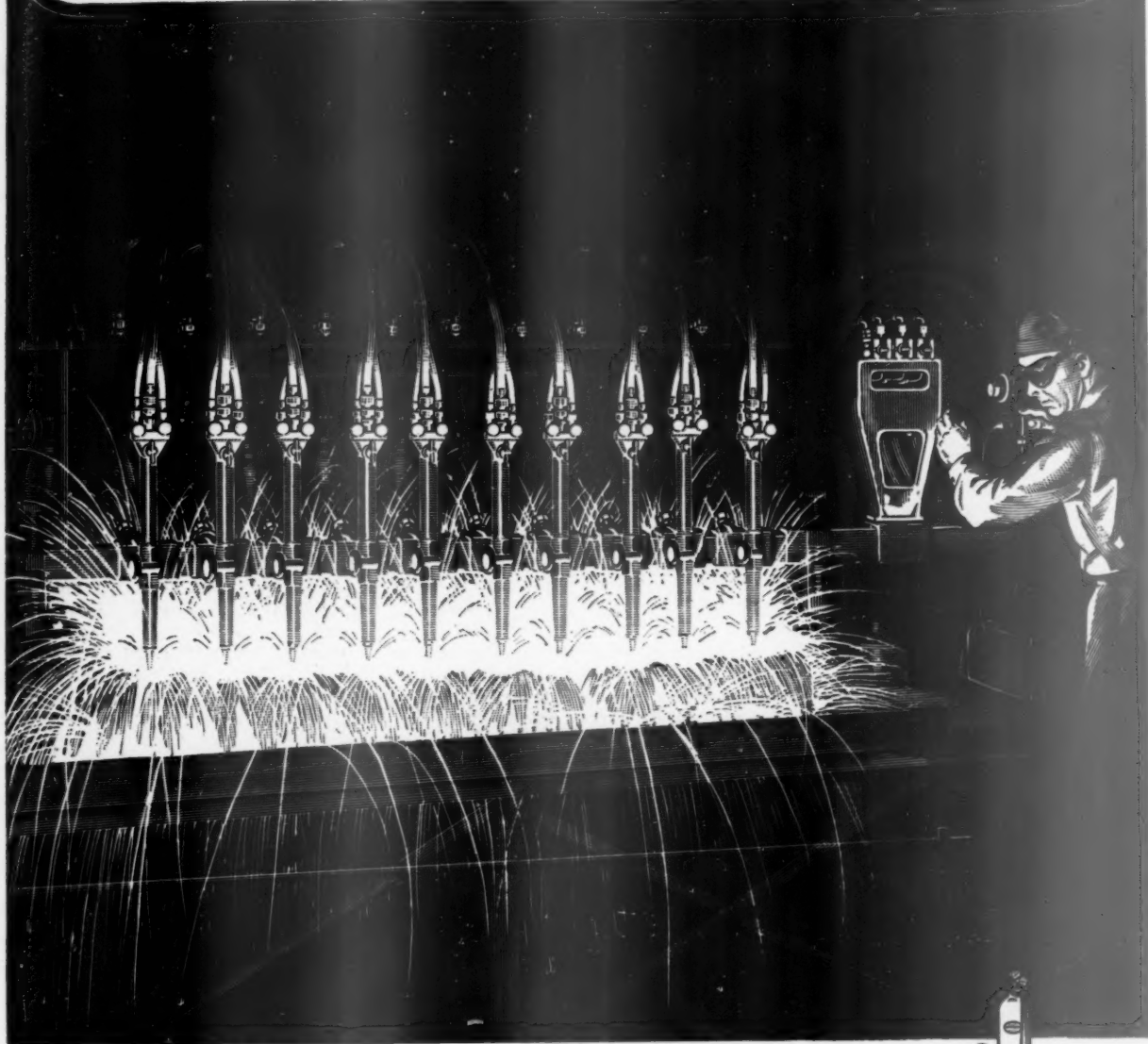
Moly steels are going into high-speed tools, armor plate, cannon and cannon mounts, rifle barrels, truck, plane and tank parts, etc. Westinghouse laboratories recently revealed that new molybdenum and moly-tungsten alloys are being increasingly used as war-stimulated demands multiply.



Near the crest of the Continental Divide in the Colorado Rockies, Climax Molybdenum cuts into the face of the Bartlett Mountain (white slash, left) to bring out a lion's share of the

world's molybdenum for steel alloying. Ore trains bring the rock down to the mill (center) in the town of Climax. U. S. production is at the rate of 45,000,000 lb. a year.

## A WEEK'S WORK EVERY DAY



**T**UBULAR headers now race off the production line at Combustion Engineering Company's Chattanooga, Tenn. plant at the unprecedented rate of 100 a day — with the aid of this Airco 10 cutting torch Oxygraph. Compared to the 19 a day formerly produced, it's practically a week's work every day. This Airco oxyacetylene cutting machine is making metal-working history — never before was such an elaborate multiple torch arrangement deemed practicable. Yet, as perfected by Airco, every beneficial feature of

flame cutting is retained. Steel is accurately cut to the desired shape with amazing speed. And there is no time out for sharpening or regrinding.

New, faster, better ways of producing more planes, ships, tanks, guns and machines are made possible by the efficient and proper application of the oxyacetylene flame. To assure its customers of best results from the use of its many products and processes, Air Reduction freely offers the broad, practical experience of its Engineering and Development Departments.



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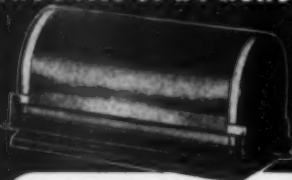
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**NEW PRODUCTS**

**Snap-Top Container**

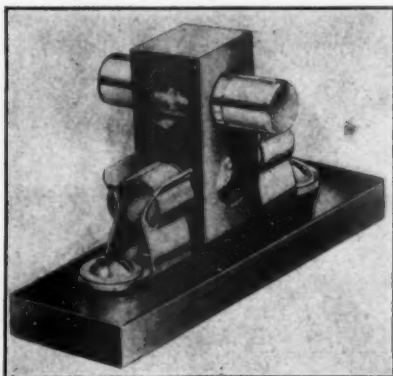
One widely used method of packing and shipping calls for three sizes of containers: (1) a box, bag, or wrap for small articles or commodities (toothpaste, breakfast food, what-have-you); (2) an intermediate-size container for holding



a dozen or so of the small packages; (3) a large shipping container for carrying several intermediates. It is for intermediate service that the new Simp-L-Ock Corrugated Container has been developed by the Simp-L-Ock Co., 904 Main St., Hartford, Conn., and is being produced by several container manufacturers under license. Main feature is an ingenious "snap-in top" which requires no staples, tape, or adhesives to hold it firmly in place, yet can be removed by dealers for display purposes, replaced, and reused.

**Fuse Holder-Puller**

A spare fuse acts as a convenient handle for removing a blown fuse with the new combination Spare Fuse Holder



and Puller, just announced by Littelfuse, Inc., 4797 Ravenswood Ave., Chicago. The fuse in circuit is held in one opening of the soft rubber holder; the spare one in another opening above and at a right angle to the first. In the event of a blow, simply pull out the holder and reverse it to put the spare into service.



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while Building for  
Victory**

**Finer Metal Fabrication for  
the Products of Tomorrow ...  
through Van Dorn Research**

Right now, every industry must be on the alert. For out of production for Victory is coming an abundance of discoveries in new metals and fabricating processes that will serve a new era in peacetime production.

Today's highly-developed processes of building faster planes, sturdier ships, powerful tanks will be the accepted methods of producing better automobiles, stoves and machinery in post-war days. This transition is already under way. Keep up with it.

Van Dorn—master of metal fabrication for 64 years—has a vast research organization at work investigating war-time manufacturing discoveries to the limits of their post-war possibilities. Analyzing new metals, studying new processes of welding, heat treating and machining, devising new principles of design—all important factors in product development plans.

Take advantage of Van Dorn's broad metal fabricating research work now. Without cost or obligation, Van Dorn engineers will work with you. Write, wire or phone.

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**Largest Jail Builders in America**



A red signal on the underside indicates the need for a new spare.

## Temperature Stick

Two years ago, Tempil Corp., 132 W. 22 St., New York, brought out Tempil thermometric pellets as temperature signals for welders, heat treaters, etc. Now it is offering the new Tempilstik, made of similar materials, but in pocket-size crayon form. It is available in convenient temperature intervals from 125 to 1,600F. If, for example, a 300-degree Tempilstik is drawn across a surface heated to less than 300, it leaves a chalk-like mark which melts sharply into a liquid streak the moment the surface reaches 300, providing an unmistakable temperature signal.

## File Hooks

It will be easier to get material in and out of a vertical filing cabinet when



filing folders are equipped with Ver/Tabs, new products of Ver/Tabs, 723 Seventh Ave., New York. These inexpensive hooks, designed to keep folders from sagging down into the drawers, are attached quickly with any standard office stapling machine.

## Blackout Curtain Control

If an analysis of your blackout requirements indicates the use of heavy sliding curtains for your large factory or store windows, they can be made to close and open automatically with the electrically driven new Allentown Blackout Curtain Machine, a modification of equipment developed for theaters, auditoriums, etc. It consists essentially of a compact electric motor, an elevator-type traction cable drum, and automatic protective controls. As built by Automatic Devices Co., Allentown, Pa. (manufacturer also of curtain tracks and rollers), the device may be equipped for manual push-button operation or fully automatic electronic control.

# LABOR

## 'Round the Clock

More and more companies take up 168-hour week, and here are some schedules on how to stagger crews.

Converting production schedules from one- and two-shift work to continuous operation isn't an easy job for industry. But in plants handling war work it's being done as fast as management's ingenuity and limitations of labor and raw materials will permit.

• **Results, or Else**—Washington's howl for getting continuous production is familiar to all by now, and if it isn't achieved on the widest possible scale in 1942 by private management, that management is going to be brushed aside. If circumstances such as a tight labor market or an immobile working force hold it up, there will be measures like labor allocations to change the circumstances (BW—Dec. 27 '41, p16).

Industrialists who went to Washington months ago to run the national defense program got to work on the continuous production problem right away. OPM Director Knudsen lectured at and pleaded with plant managers and executives all over the country; he wanted an end to the "week-end blackout."

• **Things Speed Up**—As the billions of dollars in defense orders cascaded out of the capital, key industries stepped up from a 5 to a 6-day work week. One-shift plants hired a second shift; two-shift plants recruited a third. Industries normally on a 40-hour week—like machine tools, aircraft, and shipbuilding—revised traditional schedules.

What was happening is well illustrated by the shipbuilding industry. Between March and June, 1941, 47 private shipyards had increased their working forces by 22%. Twelve of the major yards had stepped up employment to a 3-shift day by the second quarter of 1941; five had moved from one shift to two. Although Saturday shutdowns occurred in 12 of the smaller yards, 84% of all employees were working Saturdays. On Sunday, 16 of the 47 shipyards reported some of their forces at work. But in most cases the Sunday work was carried on with skeleton crews, only four of the 16 having as much as 20% of their force at work on Sunday.

• **More Overtime**—By the second half of 1941 the shipyards had abandoned the 40-hour work week. More than 80% of all the wage earners in the 47 yards worked overtime. These overtime workers averaged 10.1 hours of overtime a week. Moreover the workers who were

**DON'T LOSE**  
DEFENSE PRODUCTION GAINS  
**HERE!**



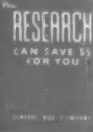
• Production has been stepped up to meet defense needs—only to have many of those gains lost in the shipping room. There must be no delay in the delivery of defense products. General Box standard and specially designed shipping containers are helping hundreds of manufacturers to smash the shipping room bottleneck. In addition, damage is eliminated—hours and dollars are saved—valuable shipping room space is conserved.

Why not see how General Box crating engineers can help you in the shipping of your defense products? They will be glad to work with you in determining the box, crate or special container which best meets today's requirements.

## 13 PLANTS STRATEGICALLY LOCATED

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# 7th International HEATING & VENTILATING EXPOSITION POSTPONED

The serious emergency created by the recent sudden turn of events in the world has made it advisable to postpone the 7th International Heating and Ventilating Exposition which was scheduled to open at Philadelphia on January 26 of this year.

Conditions facing the heating, ventilating and air conditioning industry, the limitations necessarily placed on production for civil use, and the all-out effort to war-condition the Nation have caused manufacturers to feel that exhibiting at this time would detract from the war effort. A poll of exhibitors indicated that the majority favored discontinuance of the Exposition.

In view of this situation, the Advisory Committee has approved the postponement of the Exposition. This action is endorsed by the Management of the Exposition and will permit all exhibitors to devote every energy to the work of preparing for Victory at the earliest moment possible.

**7th INTERNATIONAL  
HEATING &  
VENTILATING  
EXPOSITION**

*International Exposition Co.*



No outfit to be caught napping, Allis-Chalmers' publicity bureau last week dramatized the shift of industry to the 24-hours-a-day, 7-days-a-week schedule by snapping Robert Price, lathe operator, in the act of substituting

overalls for the full dress and top hat he was wearing, according to the A-C news story, at a New Year's Eve party when word reached him that Navy Secretary Knox had asked the plant to go on the 168-hour week schedule.

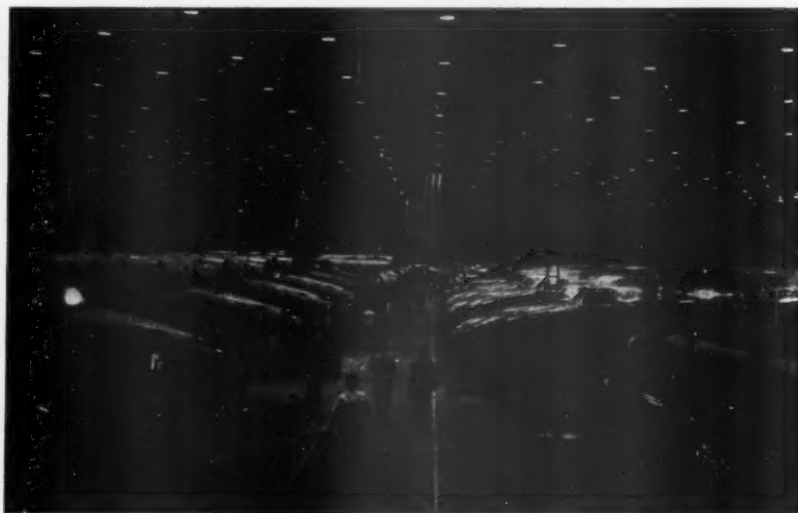
getting overtime were day-shift workers who accounted for more than three-fourths of total shipyard labor.

What was happening was the normal response of industry to increased business. Makeshift arrangements to get the work out, without long-term planning, were widely used because no firm could be sure that backlogs of orders would continue to accumulate. Time and time again, the OPM was told by production men whom it tried to inspire to greater

efforts, "You get the orders to us, we'll fill 'em."

To be sure, there were notable exceptions, but most of the people in the OPM felt that the production men were accountable to stockholders, and that wise management would not revolutionize operations just to meet a sudden flurry of business.

• **Saturday Makeshift**—So, in the shipyards and other booming defense industries, the foremen would tell the day



Working 'round the clock and straight through the calendar brings a lot of new problems to the aviation industry, but the operation of a graveyard shift isn't one of them, for plane makers have been on a day-and-night

shift basis since the U. S. defense program got under way in 1940. Witness the night shift at the Lockheed plant in Burbank, Calif., working on Hudson bombers (left) and Lockheed Lodestar transports (right).

gangs. "You guys are working Saturdays till further notice," and that was the stop-gap. Workers got time-and-a-half, the yards speeded up production and everyone was happy—except Washington. Washington wanted scientific hiring, labor training and a beginning made on all the adjustments necessary to change over to the 168-hour week. Working all men 50 hours a week contributed nothing toward continuous production.

The 168-hour work week is a complete mosaic put together with blocks of eight-hour days. Any other arrangement is awkward, expensive, impractical. Although the full work week figure of 168 is divisible by 42, the 7-hour day, 6-day week, administratively, is almost impossible to stagger, and the 6-hour, 7-day week encounters social and psychological barriers. Continuous production is most feasibly achieved by building on the basic 40-hour, 5-day week pattern.

• **Nothing New**—There are few firms in the industries now carrying the war production load which have not had some department or force working on a continuous-operation basis. Steel companies, for instance, need fires tended at all times and, as a result, certain operations must be continuous. Certain types of service jobs are on a 24-hour-a-day basis. Power-house operations are in the same class.

Companies have more or less taken these continuous-operation jobs for granted and schedules have been devised which would, for the most part, suit the men. This has been accomplished by permitting a certain elasticity in shift assignment and by allowing frequent substitution between workers on different shifts. Such "looseness" was possible because the percentage of employees in the continuous-operation jobs has been small. Converting a whole plant to continuous operation, however, is a different story. Rigid schedules have to be made and maintained, assignments have to be worked out and announced weeks, and sometimes months, in advance.

• **A Sample Week**—The following work schedule is sometimes considered a basic pattern for continuous operation (letters designate the various crews):

Shift	Sun.	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.
3. 12-8	A	A	A	A	D	D	A
1. 8-4	B	B	D	D	B	B	A
2. 4-12	C	D	C	C	C	C	R

Crews A, B, and C remain on the same hours throughout. D, which in all probability is the youngest crew in point of service, is properly called a "swing-shift" crew. This crew works during the week on different hours but is compensated for the "swing" by not having to work Saturday or Sunday.

• **Relief Men**—Crew R is a relief crew which works on a regular schedule, just the 4-12 turn on Saturdays. It is usually made up of members of crews A, B, C,



Long before the word "Nazi" was coined, a young American industry fell victim to the strategy it typifies. The German Dye Cartel, under cover of liberal U.S. laws, secured patents on well-selected key products . . . successfully blocked development of the struggling American coal-tar chemical industry.

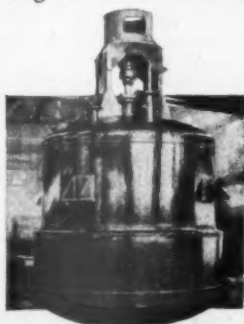
Came war, blockade, rocketing prices, and a complete shut-off of imported materials. Finally, Government action released foreign-owned patents . . . gave the U. S. industry its long awaited opportunity.

**American dye men** lost no time! In 1916-17 as many as 74 new "dye manufacturers" along with the seven existing

companies, began to work wonders. Despite war-born material shortages and lack of experience and equipment, they developed a full-fledged, well-equipped American industry . . . built up annual output from less than \$3 million in 1914 to \$122 million in 1940.

**This immense achievement** stands us today in good stead. For dyes are dynamite! Toluene, aniline, salicylic acid, phenol, chlorine . . . these and other materials of modern warfare are the dye maker's stock-in-trade. To them must go the credit for developing sources of basic materials now vitally needed for explosives, rubber, plastics and other war supplies.

**An important factor** in this impressive performance are Monel, Nickel and other Inco Nickel Alloys. Strong, tough and durable, they are also highly resistant to the many corrosives encountered in this field. As in other important industries, Inco Nickel Alloys are contributing to the drive for Victory.



*This jacketed agitator kettle for handling chlorinated hydrocarbons is typical of equipment used in the dye industry. Made of Nickel-clad steel and solid Nickel, so only Pure Nickel comes in contact with the highly corrosive liquids.*

**THE INTERNATIONAL NICKEL COMPANY, INC.** • 67 Wall Street, New York, N. Y.







Production capacity isn't figured in SQUARE FEET — It's figured in CUBIC FEET. That's why it's doubly important to use your "air rights"! Lewis Skid Boxes can be safely stacked ceiling high if necessary — making use of every bit of ordinarily wasted space. They can be economically handled by power lift trucks. Uniform and strong — they are able to stand up under the hard use encountered in today's defense industries.

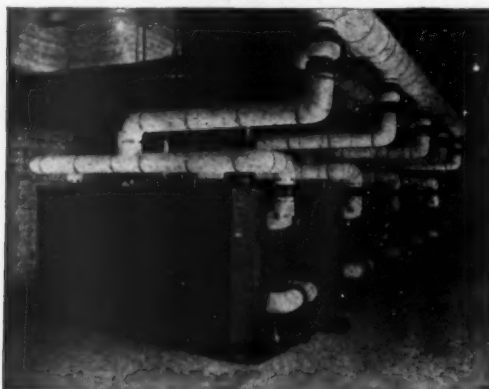
G. B. LEWIS CO., Dept. W1, Watertown, Wis.



### For YOUR FILES

Interesting, informative folder illustrating 10 Lewis Containers and showing 14 pictures of installations in varied applications. Send for free copy.

**LEWIS**  
INDUSTRIAL CONTAINERS



Installation of boilers, connections and fittings by the R. V. Fisher Company, Santa Monica, California. Carey Insulations applied by Warren & Bailey, Los Angeles.



## Carey HEAT INSULATIONS

Contributing to Comfort of Famous Screen Stars in Huge MGM Studios

When Metro-Goldwyn-Mayer undertook a vast expansion and modernization program at their mammoth studios in Culver City, California, a difficult heating problem was encountered, owing to the extensive floor areas involved.

This problem was solved by two new boiler rooms equipped with seven gas-fired, steam boiler units, which heat the administration building, sound stages and other technical departments. The plant operates on 120 lbs. pressure at 350°F.

To reduce fuel consumption to the minimum and insure top operating efficiency, piping and tanks were insulated with CAREY 85% Magnesite. This famous Carey Product was selected for its demonstrated efficiency, its greater resistance to breakage, its long life and economy.

The CAREY line of heat insulation meets every service condition from sub-zero to 2500°F. Whatever your insulation problem, you can rely on Carey for maximum results. Write Dept. 29 for details.

**The PHILIP CAREY Manufacturing Company**  
• Lockland, Cincinnati, Ohio •

IN CANADA: THE PHILIP CAREY COMPANY, LTD. Office and Factory: LENOXVILLE, P. E.

Dependable  
Products  
Since 1873

## Working Schedule for a 168-hr. Week

Making out a schedule of full production, 24 hours a day and 7 days a week, takes planning. Here's a schedule which, over a 20-week pe-

riod, sees to it everyone in crews A, B, C, D works the same amount of overtime, gets the same number of Saturdays and Sundays off, etc.

Shift	SMTWTFs	SMTWTFs	SMTWTFs	SMTWTFs	SMTWTFs
12-8	BBBBCCC	CCDDDDD	AAAAABB	BBBCCCC	CCDDDDA
8-4	(D)AAAAA	(B)BBBCC	(C)CCDDDD	(A)AAAAAB	(B)BBBCCC
4-12	CCDDDDD	AAAAABB	BBBCCCC	CCDDDDA	AAAAABB
12-8	AAAAABB	BBBCCCC	DDDDDDA	AAABBBB	BCCCCCD
8-4	(C)DDDDDA	(A)AAAAAB	(B)BBBCCC	(D)DDDDAA	(A)AABBBB
4-12	BBBCCCC	DDDDDDA	AAABBBB	BCCCCCD	DDDDAAA
12-8	DDDDAAA	AABBBB	CCCCCDD	DDDDAAA	ABBBB
8-4	(B)CCCCC	(D)DDDDA	(A)AABBB	(C)CCCCC	(D)DDDDA
4-12	AABBBB	CCCCCDD	DDDDAAA	ABBBB	CCCCC
12-8	CCCCCDD	DDDDAAA	BBBBB	CCDDDD	DDAAAAB
8-4	(A)BBB	(C)CCDD	(D)DDAAA	(B)BBB	(C)CCDD
4-12	DDAAAAB	BBB	CCDD	DDAAAAB	BBB

and D who sign up in advance for turn R, attracted to it by the time-and-a-half wage it pays. In some plants, where maintenance and service work requires plant and machinery shut-down, the R turn is eliminated and its time is used for these special jobs.

Unless a separate relief shift, which is willing to work only eight hours a week, can be hired, every firm in continuous operation must pay time-and-a-half wages for eight hours every week. One

way of eliminating the relief shift is illustrated by the following schedule:

Shift	Sun.	Mon.	Tue.	Wed.	Thurs.	Fri.	Sat.
3. 12-8	A	A	A	A	B	B	A
1. 8-4	D	D	D	D	D	(B-D) (C-A)	B
2. 4-12	B	B	C	C	C	C	C

• **Lacks Rotation**—The company using this schedule uses only four crews. The extra eight hours per week are put in as overtime divided between two crews, using one 12-hour and one 4-hour shift per week. Crews B and C work 12-hour shifts on alternate Fridays and crews A and D work 4-hour shifts on the other Fridays. This schedule is not rotated and there is no regular cycle. With the exception of Fridays, the crews remain throughout on the same shift.

A shift schedule which rotates over a definite cycle is the most popular with both management and employees. This type does not give any preference to the hours for any one crew. In reviewing continuous-operation, 40-hour-week rotating schedules, it has been pointed out that individual schedules are set up to meet certain existing situations. No one schedule can be satisfactory to all types of enterprises. But just as the first arrangement described above is considered basic for the weekly cycle so is the pattern for rotating shifts in order that, over a period of time, each shift will have the same amount of overtime, the same number of Saturdays and Sundays off, and the same length of time spent on "graveyard" turns (box, above).

• **All Fare Alike**—There is no discrimination against any group in this arrangement. In the course of the 20-week cycle—and a 20-week rotation is the shortest cycle making the complete turnover possible—each crew A, B, C, and D has five weeks of 48 hours instead of the normal 40, and each crew has 35 turns on each of the three shifts. Also it can be seen that the individual crews work a 5-day period on the same

shift. Another obvious advantage of this schedule is the fact that it can be posted well in advance, so that employees can inspect it and be able to plan time off.

One slight variation is sometimes applied to schedules of this same type. Instead of having one crew on a 48-hour week, a relief crew is brought in to work the extra eight hours on the 8-4 shift on Sundays. In such a schedule a relief crew replaces (A), (B), (C), and (D).

• **Authorities**—This schedule is one which is used with eminently satisfactory results by the Timken Roller Bearing Co. Further details on it are available from the company's office in Canton, Ohio. Other sources of helpful information on converting work schedules into continuous operation are the Industrial Relations Section of Princeton University, the Labor Division of OPM in Washington, the American Management Association in New York City, the Division of Industrial Relations at Stamford University, and Wage-Hour Division regional offices throughout the country.

## TRUCK DISPUTE SETTLED

The National Defense Mediation Board, in what may be its last important action before being replaced by the War Labor Board, made recommendations this week for settlement of the dispute between 50,000 "over-the-road" A.F.L. truck drivers and trucking companies in 12 midwestern states. The recommendations were immediately accepted by the Teamsters Union and the Central States Employers Negotiating Committee, which acted for the operators. Thus was liquidated a strike threat which could have affected 225,000 employees of 800 trucking firms and tied up interurban and interstate trucking throughout the Central West (BW—Nov. 22 '41, p. 57).

N.D.M.B.'s terms call for substantial wage increases which, like the pay boost on the railroads (BW—Dec. 6 '41, p. 96), will be borne largely by shippers in the form of increased freight rates. The 50,000 truck drivers and their helpers will get a 10¢-an-hour raise plus  $\frac{1}{10}$ ¢ per mile traveled, retroactive to Nov. 16.

N.D.M.B. also approved six-day annual vacations with pay and recommended that fair geographical and state differentials be established by agreement between management and labor. The agreement will be in force for two years.

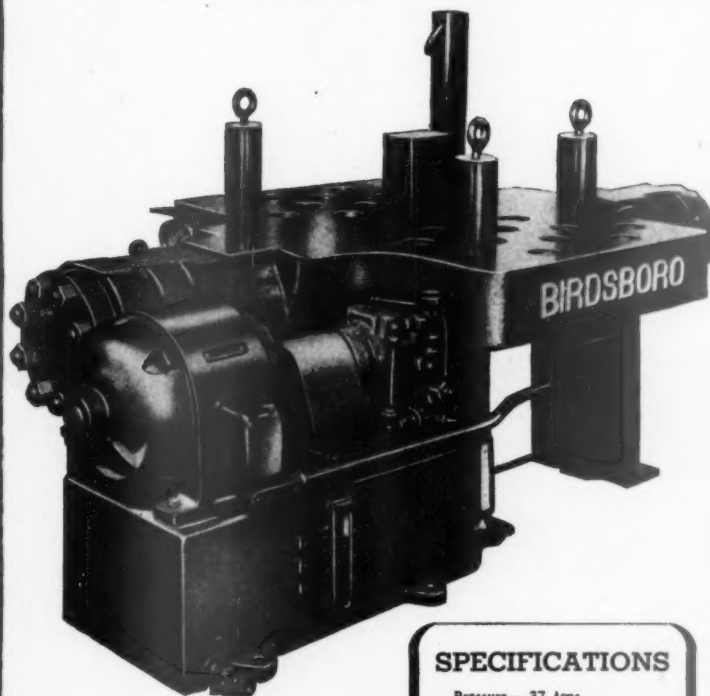
## NO MORE STEWARDESSES

Union Pacific Railroad, the first rail passenger line to put stewardesses on crack trains in 1935, is the first to take them off. They go next week. Reason: Stewardesses are registered nurses and are needed in national defense. U.P. took ads to wish them well and hope they return soon.

## It Bends Steel Beams

That

## Travel On Oceans



### SPECIFICATIONS

Pressure—37 tons  
Entirely self-contained  
Single horn and opposing cylinders  
Fully protected against overloading and overheating

This Birdsboro machine works in a shipyard where jobs have to be done fast and accurately. It is a Beam Bender, exerting 37 tons of pressure to bend steel ribs for modern ships.

Especially designed by Birdsboro to help speed ship production, this Beam Bender features a single horn and opposing cylinders, for quick, easy bending in either direction.

Whatever your hydraulic press problems, it pays to consult Birdsboro.

### BIRDSBORO STEEL FOUNDRY & MACHINE COMPANY

Plants at Birdsboro and Reading, Pa.

# BIRDSBORO

*Hydraulic Presses*

BUILDERS OF • Hydraulic Presses • Steel Mill Equipment • Rolls • Special Machinery • Crushing Machinery

## Unionists Pro Tem

**A.F.L. Electrical Workers in Philadelphia put nonmembers on job at regular wage scale, charging \$1 a day for permits.**

A union wrinkle new to this war but practiced in the last one was tried last week in Philadelphia when the Brotherhood of Electrical Workers let down the bars against nonunion workers but charged them \$1 a day for permits to ply their skills on defense projects.

• **War Agencies Benefit**—The action was made necessary when the number of jobs on construction developments outnumbered the firmly restricted membership of Local 98, one of the exclusive A.F.L. artisan unions in the Quaker City. The local officials announced that the daily levy would go toward bolster-

ing the coffers of the Red Cross, Salvation Army, and United Service Organizations, and Army and Navy welfare funds.

While the temporary unionists were guaranteed regular wage scales—\$1.75 an hour, and after two weeks, \$1.87½—none was allowed any voice in the affairs of the local itself. Brotherhood spokesmen declared that 220 applications were filed overnight, 170 men put to work immediately on defense jobs, but that 20 were dropped later for lack of qualifications.

• **Weekly Collection**—The union justified its dollar-a-day levy by stating that its own members had long fought and paid dues to gain wage structures and working conditions which would benefit the new electricians, who had had no part in obtaining them. The money is being turned over weekly to shop stewards and the accumulated sum will be doled out to the service agencies at the month end.

The C.I.O.'s United Electrical and

Radio Workers, which control the electrical manufacturing field, announced flatly that the plan was distasteful to its method of operation, and charged that the brotherhood's desire to keep a tight membership rather than expand in the emergency, had prompted the dollar-a-day action.

The brotherhood, which wields full sway over electrical construction work in the area, is undaunted by criticism and states that if more surplus journeymen are required to keep construction moving, more will be put on, probably under the same arrangement.

## Bridges' Victory

**Probability that he won't be deported fails to alarm the western waterfront employers, satisfied with present relations.**

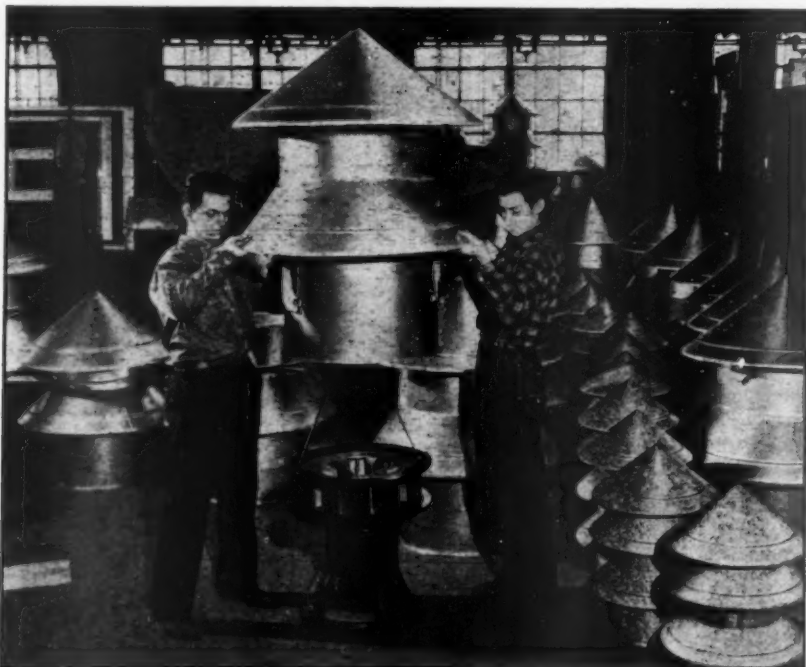
West Coast waterfront employers aren't particularly perturbed over the fact that Harry Bridges probably won't be deported. On the contrary, they were rather relieved this week when the Appeals Board of the Bureau of Immigration rejected a recommendation that the western C.I.O. leader be exiled to his native Australia.

• **Never Enthusiastic**—California business has never been very enthusiastic about the two official attempts that have been made to pronounce Bridges a deportable alien. The waterfront employers' contractual relations with him are currently on a basis satisfactory to them, and they have been leery of any shift that might bring a new and unknown longshore leader into the picture. Most of all, they have feared any event which would place Bridges in the position of a martyr.

While the employers expect that Harry will feel his oats a bit if Attorney General Biddle accepts the recommendation of the Appeals Board, no serious trouble is expected, at least not until after the war.

• **Sears Finding Reversed**—The Appeals Board's unanimous decision reverses the ruling by Examiner Charles B. Sears, who found Bridges deportable as a member of a group advocating the overthrow of the government by force (BW—Oct. 4'41, p.54). The board found no evidence that Bridges ever had been affiliated with such a group.

Attorney General Biddle can either accept the board's view or put into effect the deportation warrant which already has been issued. There is a possibility that he may leave the warrant hanging over Bridges' head for a while to promote his good behavior. The Australian labor leader declared this week that he intended to apply for citizenship at once.



## SIREN BUSINESS BOOM

Federal Electric Co., Inc., 8700 State St., Chicago, a large manufacturer of electric sirens, is turning out air-raid warning sirens at the rate of 445 a day. Though Federal has always done bigger and better-known business in signs, it has been making sirens ever since it set up shop. Until 1938 the business was mainly in sirens for peaceful purposes—fire alarms, police cars, fire trucks, ambulances, factory whistles, and the like. Then there began to be a demand from Europe for air raid warnings. Federal started shipping

them abroad in quantity, at the same time developing a big war business here, for sirens to go in submarines, battleships, army tanks, etc. Except on military sirens the company has had no priority assistance—though it expects some now. When it gets priorities and materials it is set to turn out sirens in real mass production. So far it is pretty much a hand operation. Now, with production ridiculously inadequate to meet demand, Federal is rationing its air-raid sirens to the places where the need for them is most acute—shipping them to Honolulu, Manila, California.



## Wage-Hour Wins

Decision of lower court reversed as Circuit bench holds building service workers are in interstate commerce.

Owners and managers of office and manufacturer-tenanted buildings this week were studying a decision of the U. S. Circuit Court of Appeals for the Second Circuit in the case of the Wage and Hour Division vs. Arsenal Building Corp. Although the Arsenal Building case was an action involving only 25 elevator operators and other building service workers, it will affect an estimated 150,000-250,000 building service employees throughout the country if the Circuit Court's decision is upheld by the Supreme Court.

• **Reverses Lower Court**—The unanimous opinion of the three judges of the Second Circuit was that building service employees engaged in servicing a loft building tenanted largely by manufacturers producing goods for interstate commerce, are themselves engaged in the production of goods for interstate commerce and are therefore entitled to the benefits of the Wage-Hour Law. The Circuit Court verdict was a reversal of a lower court ruling.

The Wage-Hour Division went to law against the Arsenal Building Corp. charging that it had failed to pay the maintenance men, including elevator operators and watchmen, employed to service the building, time-and-a-half for all hours worked over 40 per week. The company's defense was that it was not in interstate commerce and thus not subject to Wage-Hour Act.

• **Interstate Function**—The Court held such a contention invalid by deciding that workers "cannot work in cold or filthy buildings. They must have light and power to drive their machines; they cannot be required to carry goods from one story to another. Those who make and keep the factory fit for them in these ways are as necessary to the production as they themselves." And because workers in rented factory space are manufacturing goods for interstate commerce, employees who service the building are also to be placed in that category.

Although the Arsenal case turns on facts applying to a manufacturer-tenanted building, lawyers were noting that the same reasoning could be applied to employees of buildings tenanted by offices of firms doing an interstate business. It will not be surprising if the Wage-Hour Administration makes a test case out of some purely office building in order to find out how widely the Arsenal Building Corp. decision can be applied.



### PORTABLE SIGNAL

Usable where traffic congestion is only occasional—for instance, near defense plants when shifts change or near schools when school is out—is the portable, automatic traffic signal developed by George W. Walker, automobile product designer. The device can be wheeled into position wherever it happens to be needed and is operated by a standard six-volt storage battery with a trickle charger. The signal can be built, according to its designer, for around \$100.

### BLACKOUT IS TIME OUT

Trial blackouts and air-raid alarms have continued to interrupt production in many West Coast plants, notably in the San Francisco Bay Area. Rehearsals of air-raid precautions have had the same effect in East Coast cities. Some employers paid wages for time lost in this fashion; other employers didn't pay, reasoning that labor charges should stop when production stopped. Unions were beginning to get hot about "inequalities" between firms in the same industry when some West Coast employers got the idea of asking Baird Snyder, Acting Wage-Hour Administrator, how the law was to be interpreted.

Snyder ruled, "Time spent by employees on the premises of an employer covered by the Wage-Hour Law during blackouts or air-raid alarms where no work is done need not be compensated for as hours worked." This leaves the matter of pay for such periods subject to collective bargaining or employer decision.

### OFFICE WORKERS IN U.A.W.

One of the effects of auto production curtailment (page 15) has been to make the industry's 200,000 white-collar workers more favorable to unionism. Feeling insecure about their jobs, office employees appear to be responding in a fashion hitherto unprecedented to appeals of C.I.O.'s United Automobile Workers Union to join with production workers in collective bargaining action.

Next week U.A.W. is expected to be certified by the National Labor Relations Board as bargaining agency for Chrysler Co. office workers at Marysville, Mich. The certification results from an NLRB election which U.A.W. carried by a vote of 243 to 13. Immediately upon certification, bargaining conferences will begin and, inasmuch as U.A.W. will be embarking on its first attempt to negotiate a contract to cover white collar workers, the negotiations are expected to attract considerable interest.

### MARITIME ARBITRATION

The new Maritime War Emergency Board, created under a labor-management pact banning strikes and stoppages in the sea-going trades (BW-Dec. 20 '41, p7), took up its arbitration duties this week by hearing union and employer testimony on war bonuses. What it decides regarding extra compensation for crews on vessels traversing danger zones will be retroactive to Dec. 7, the date of the Japanese attack on Pearl Harbor. Since Dec. 22, shipping lines have carried \$5,000 in war risk insurance on crew members sailing certain hazardous routes. Whether this coverage is to be extended is also up to the new board.

MWEB's chairman is Capt. Edward Macaulay of the U. S. Maritime Commission. Its other members are John Steelman of the U. S. Conciliation Service and Frank Graham, president of the University of North Carolina and member of the Defense Mediation Board.

### TAX AID FOR WORKERS

Broadening the income tax base by lowering exemptions is bringing millions of wage earners into the taxable group this year for the first time. One firm, the Package Machinery Co., of Springfield, Mass., has set up a system for helping its employees make their returns and pay their tax bills. The company has established a voluntary employees' "tax club."

This week the club had 150 members out of 500 Package employees. According to the plan, weekly deductions from club members' pay will be made by the company. The money will be placed in noninterest-bearing bank accounts and will be paid out directly by the bank on authorization from employees to meet their quarterly tax instalments.

# FINANCE

## More U.S. Bonds

President's estimates of war costs lead to expectation that future issues are going to dwarf present borrowing.

Monday's headline news about Treasury plans to refund \$1,076,063,200 of outstanding federal bonds and notes looked like small change a day later when President Roosevelt told Congress that the war effort would cost \$56,000,000,000 in the 1942-43 fiscal year. "This means taxes and bonds and bonds and taxes," he said. And the financial world, listening to his words, knew it meant government bond issues in a volume heretofore unknown.

• **Morgenthau's Plans**—The Treasury had revealed, before the President spoke, that it would be in the market for "new money" next month. Whether that operation will be stepped up to key it to the prospective war expenditure will not be decided until later. That will depend, in a measure, on sale of Defense Bonds continuing at the very high rate that has prevailed ever since Dec. 7—the total ran over \$550,000,000 in December, which was better than four times the November total and more than had been sold in the six months of May through October.

Next week's refunding will further Treasury Secretary Henry Morgenthau's policy, announced last September, to supply all agency money needs from the Treasury credit reservoir and eventually to eliminate all direct public borrowing by government agencies. The refunding will include \$310,090,000 of Reconstruction Finance Corp. 7% notes maturing Jan. 15, \$236,476,200 of Federal Farm Mortgage Corp. 3% bonds callable Jan. 15, \$103,147,500 of FPMC 2½s of Mar. 1, and \$426,349,500 of 1½% Treasury notes of Mar. 15. After these guaranteed obligations are replaced by direct Treasury obligations, no more refunding likely will be done until June.

• **Small Maturities**—Except for the accumulation of Treasury discount bill maturities around the Mar. 15 tax date, next major refundings of either direct or guaranteed government obligations will be July 1, when \$875,000,000 of Home Owners Loan Corp. 2½% bonds will be subject to call. Next Treasury note issue maturity is Sept. 15, when \$342,000,000 of 2s will become payable.

Dealers in, and large institutional holders of, government securities now are speculating as to probable terms of the securities to be offered in exchange

for the maturing and called issues. The majority believe that medium-term bonds and notes will be offered. The now-outstanding issues to be refunded are selling at premiums of approximately \$5 per \$1,000 issue, which would indicate that the market expects something like a two-year 1% note, or an eight-or-nine-year 2% bond.

## U. S. CARGO INSURANCE

Action of the Maritime Commission last week in setting up machinery to provide war-risk insurance on American ships is taken as U. S. assurance to shippers that insurance at reasonable costs will be available, and notice to the marine underwriting industry that if it doesn't keep rates down, it'll lose business to the government. The Maritime Commission has a \$40,000,000 revolving fund (BW-Dec. 20 '41, p. 49) to provide marine risk coverage whenever "such insurance cannot be obtained on reasonable terms and conditions."

Cargo war-risk rates have been established daily by the American Cargo War Risk Re-insurance Exchange which

pools premiums and risks among 150 companies. The exchange doesn't quote war-risk rates on ship hulls, so that's a place for the Maritime Commission to function. First rate set by the Commission was 2% on round trips between the West Coast of the U. S. and Hawaii. The commercial rate at the same time on convoyed vessels was 3½%.

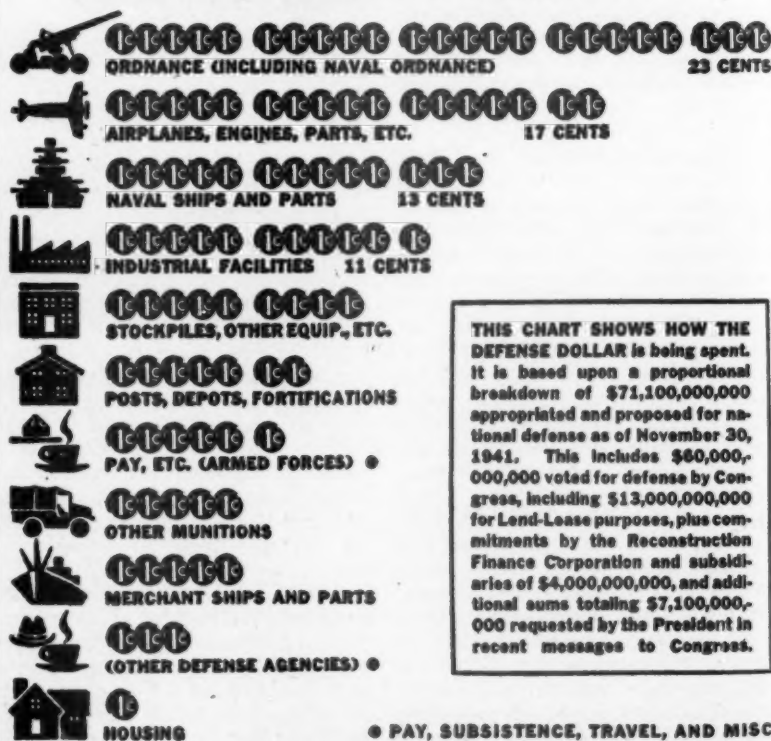
Prime task of the Commission is to keep ships sailing, even if the Treasury must share part of the protection costs. Private companies, on the other hand, must charge rates which will cover all costs and anticipated loss claims.

## TAXPAYER'S AID

Banks, as well as industries, are proving ability to meet new requirements with new tools. The People-Pittsburgh Trust Co., of Pittsburgh, Pa., has come to the aid of its clients of means, corporate and individual, with a novel "convenient package" plan for distributing tax-payment pains.

The bank will provide an income-tax budget fund so the taxpayer has only to issue his personal check for each 1942 payment as it comes due. On Apr. 15, the taxpayer makes the first of a series of 12 equal monthly deposits into his fund. By Mar. 15, 1943 payments will equal the taxes advanced, plus interest.

## HOW WE ARE SPENDING THE DEFENSE DOLLAR



THIS CHART SHOWS HOW THE DEFENSE DOLLAR is being spent. It is based upon a proportional breakdown of \$71,100,000,000 appropriated and proposed for national defense as of November 30, 1941. This includes \$60,000,000,000 voted for defense by Congress, including \$13,000,000,000 for Lend-Lease purposes, plus commitments by the Reconstruction Finance Corporation and subsidiaries of \$4,000,000,000, and additional sums totaling \$7,100,000,000 requested by the President in recent messages to Congress.

# THE MARKETS

When tax-selling dried up 10 days ago, many market experts felt securities were in a strong technical condition. They figured owners of seasoned stocks weren't especially anxious to liquidate, that holders didn't need the money and would just as soon keep dividend-paying issues. Until this week, however, few realized fully just how loath stock owners were to relinquish any of their holdings.

• **Survive Manila**—News of Manila's fall, announced about noon of the first trading day of 1942, brought hesitation, and about an hour of desultory trading. Then, on obvious lack of selling pressure, traders hurried to buy. Prices went up sharply. Union Pacific, Louisville and Nashville, Sears Roebuck, American Can, and American Chicle, for example, gained more than \$3 a share on the day.

Stock price averages this week were highest since before the United States entered the war. Railroad shares topped pre-war levels. Motor stocks dipped when the government tightened the noose around sellers of new cars, but, next day, the same securities led the way upward after release of official plans to award motor plants \$5,000,000,000 of additional armament contracts.

• **Tax Worries**—President Roosevelt's Tuesday message on the state of the nation failed to unsettle prices. But Wednesday's budget message, with its plans for additional billions of new taxes and new government bonds, was given to Congress. Securities of companies which are using "average-1936-to-1939-earnings" as exemption base for excess-profits taxes immediately fell, for the President gave notice that he would bend every effort to "recapture" large sums by limiting all companies to a percentage-of-capital base. He added that "the fact

that a corporation had large profits before the defense program started is no reason to exempt them now."

Traders figured that this would tend to make long-castigated overcapitalization (curse of the railroads during the depression) almost a blessing. Consequently, railroad shares did a good bit better than industrials.

Soft drink shares declined after Coca-Cola began a voluntary rationing plan in response to the Office of Production Management order curtailing distribution of sugar to the 1940 rate.

• **Liquor Financing**—Distilling stocks, on the other hand, are selling near their best levels of the last several years. Their liquor inventories look like good inflation hedges. Schenley Distillers Corp., in its last annual report, claimed ownership of the largest stock of aged and aging whiskies in America. National Distillers Products Corp. and Schenley this week announced details of plans to obtain additional capital, principally to repay bank loans and have more on hand for "general corporate purposes."

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial . . .	90.6	88.1	87.5	105.0
Railroad . . . .	27.1	25.1	24.1	29.1
Utility . . . . .	36.2	34.0	34.4	55.1
<b>Bonds</b>				
Industrial . . .	105.7	*105.5	104.1	103.1
Railroad . . . .	85.4	*83.8	80.6	86.7
Utility . . . . .	104.3	104.0	102.9	105.4
U. S. Govt. . . .	110.4	110.1	110.7	110.4

\* Revised.

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

## COMMON STOCKS — A WEEKLY RECORD



Data: Standard & Poor's Corp.



# AT WORK

**ON THE JOB  
AMERICA IS DOING**

THE TREMENDOUS flow of horsepower streaming from the huge Continental Plants, proves beyond words — "There is Patriotism in Production."

Night and day there is no slackening, because America has many jobs to do . . . the job of speeding transportation on the road, on the seas, and in the air; the job of fortifying America with more food, more oil, more highways, and more construction.

On all these jobs Continental Red Seal Engines are vital in supplying horsepower to save manpower.







**clues:**

Turning the "Searchlight" on Opportunities

"CLUES" appears in 1st and 3rd issues of the month usually. This month next appearance will be in January 25th issue. Copy for scheduled issues required 5 days in advance. RATE: 50 cents per word or \$2.50 per line (for fraction) per insertion, payable in advance. Minimum charge \$5.00. Discount of 10% on orders for insertion in four consecutive issues. Publication has number addresses count as 3 words; replies forwarded without additional charge. Address has number replies c/o Business Week, 330 W. 42nd St., New York, N. Y.



## PEOPLE

### positions wanted

• **PRIVATE SECRETARY.** Unusually capable woman, present position five years. Excellent appearance and personality. Fine business, educational, and cultural background. Chicago. \$40.00 minimum. Box 280.

• **AVAILABLE:** Young Industrial Executive, age 35, B.S.M.E. and M.E. degrees. Broad experience and proven record in administration and industrial sales management. Thorough knowledge of military requirements, procurement and OPM. Now employed. Wants permanent, responsible position where results count. Box 279.

• **BUSINESS ADMINISTRATIVE** executive in large mid-western public school system will consider improving position with or without investment in eastern industrial or commercial corporation. Background in credits and public utility management. Box 278.

### employment service

• **THOROUGHLY ORGANIZED SERVICE** of 32 years' standing and reputation, carries on preliminary negotiations for positions in the higher salary bracket. Procedure is based on an aggressive campaign individualized to each client's personal requirements. Moderate retaining fee protected by refund provisions. Identity covered and present position protected. Send only name and address for details. R. W. Bixby, Inc., 282 Delward Bldg., Buffalo, N. Y.

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• **PHOTOGRAPHS AND PERFORMANCE DATA** from the field for advertising purposes, catalogs, special displays, posters, exhibits, etc. Operates through 2700 photographers in the U. S., Canada, and Central and South America. Posed photographs, illustrations in any medium, retouching, designs, lettering and other finished art work can be ordered at the same time as field photographic work. Drafting, technical illustrations, patent drawings, charts, graphs, publication and book illustrations, color separations, photographic and photostatic copy and enlargement work. Field Photo and Illustration Service, McGraw-Hill Publishing Co., Inc., 330 W. 42 St., New York, N. Y.

• **ESSENTIAL FOR DEFENSE** and post war planning: Emergency research service for industrialist. Special weekly digests of U. S. patent issues expedited from Washington to your executive, engineering and legal staffs. All communications strictly confidential. Box 281.

## WANTED

### contacts

• **OWNER** of \$30,000 plant wishes connections for government contract or sub contracts, can stand rigid investigation. Danmore Dress Co., Inc., 25 N. Broadway, Yonkers, N. Y.

## BUSINESS OPPORTUNITY

### anti-aircraft

• **WANTED.** Help to develop, build and market a simple but effective anti-aircraft unit suggested by a flying officer of the Navy. Homer Brett, Box 464, Silver Spring, Maryland.

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NEXT ISSUE for "clues" ads January 24. Copy required January 20.

# INSURANCE

## Triumph for Group

Life insurance covering employees sets more records and offers broader policies to add new attractiveness.

Group life insurance in the United States, now entering its 30th year, does so with a nice set of new records. Net addition to insurance in force in 1941, estimated at nearly \$2,250,000,000 (see box), was the largest for any year on record. The total also rose to an all-time high around \$18,500,000,000.

• **Outlook Favorable**—Moreover, the group business views the future with a good deal of anticipation. This type of life insurance fluctuates pretty much in line with employment and payrolls. Thus its growth trend was interrupted during the depression deeps of 1932-33, and again during the slide in 1938. Conversely, it experienced tremendous growth during the 1925-29 boom, and has been very definitely on its way again in the last three years.

Now that the business has grown to enormous proportions, group life is branching out. It has a few new policy forms, and it recently has been undertaking to give employees some of the investment advantages that go with other forms of insurance rather than extending simple protection on lives.

• **First in U. S.**—It wasn't until 1912 that a plan was worked out in this country whereby an employer could take out an insurance policy to cover each of his employees. In that year the Equitable Life Assurance Society of the United States and Montgomery Ward & Co. devised a contract under which the insurer would furnish a master policy and collect premiums from the big mail order house. Ward, in turn, would collect part of each premium from participating employees, and each insured worker would receive an individual policy from the Equitable.

This contract was the trail blazer for group life insurance which today consists of annually renewable term insurance whereunder, because of the low acquisition cost and other expense factors peculiar to the group field, about 80% of premium collected is returned in the form of benefits. Except at very young ages, premiums are smaller than the employees would pay if they were to take out their own term insurance. Moreover, most companies pay part of the premium as a contribution toward satisfactory employee relations.

• **Spreading the Burden**—A stipulated percentage of all employees must join

## THIRTY YEARS' GROWTH

Only four times in the 30-year existence of group life insurance in the United States has there been an interruption in the steady year-to-year growth of such policies in force. The following table shows the total amount of group life insurance in force at the end of each year since sale of the first policy in this country and the yearly net change:

	Cumulative Total	Annual Net Change
1912	\$13,172,198	
1913	31,202,014	+ \$18,029,816
1914	65,050,018	+ 33,848,004
1915	99,924,726	+ 34,874,708
1916	154,926,767	+ 55,002,040
1917	351,573,133	+ 196,646,367
1918	642,877,376	+ 291,304,243
1919	1,165,761,280	+ 522,883,904
1920	1,687,096,445	+ 521,335,165
1921	1,649,966,587	- 37,129,858
1922	1,885,479,689	+ 235,513,102
1923	2,510,935,492	+ 625,455,803
1924	3,250,638,241	+ 739,702,749
1925	4,416,822,143	+ 1,166,183,902
1926	5,628,294,457	+ 1,211,472,314
1927	6,669,066,590	+ 1,040,772,133
1928	8,311,665,826	+ 1,642,599,236
1929	9,600,233,601	+ 1,288,567,775
1930	10,485,113,514	+ 884,879,913
1931	10,609,285,815	+ 124,172,301
1932	9,683,403,985	- 925,881,830
1933	9,444,510,450	- 238,893,535
1934	10,182,725,023	+ 738,214,573
1935	11,085,230,039	+ 902,505,016
1936	12,122,706,678	+ 1,037,476,639
1937	13,647,425,093	+ 1,524,718,415
1938	13,551,540,433	- 95,884,660
1939	14,771,004,443	+ 1,219,464,010
1940	16,256,201,419	+ 1,485,196,976
1941	18,500,000,000*	+ 2,243,798,581*

\* Estimated.

up when the policy is issued, and usually all new workers are required to participate. Total premium charged the company is based on a schedule which takes average age of insured employees into account. Premium is alike to each individual so that in reality the younger workers pay for part of the older employees' coverage. Similarly, a clerk will pay the same as a worker in much more hazardous employment in the same plant.

Each master policy either is "participating" in that it pays a dividend at the end of the year or it provides for a reduction in premium rates based on mortality experience. When a worker's employment with the company terminates, he loses his protection under the master policy, but he may as a rule convert into a straight life insurance policy of equal amount without physical examination. Premium, however, must be adjusted to his age at the time of conversion, and the premium rate on straight life is substantially higher than for group.

• **More Benefits**—In addition to the customary group life contracts, there

are other policies which will provide an income in event of disability, accident, disease, hospitalization, surgical attention, or even retirement. Several years ago the Central Hanover Bank & Trust Co., New York City, and a few other companies began an adaptation of individual life insurance contracts to group underwriting, thus giving the employee nonmedical life insurance with permanent features.

An interesting recent variation has been a group life insurance policy which embodies investment as well as insurance features. The plan was devised by the Aetna Life Insurance Co., insurer, the International Harvester Co., whose employees are insured thereunder, and the insurance counsel firm of Towers, Perrin, Forster & Crosby, Inc., of Philadelphia, Pa.

• **Cash Value Grows**—Each Harvester employee receives not only a specified face amount of insurance protection, but also accumulates \$2 of paid-up insurance for each \$1 of premium he pays. If he leaves the company, he is given a policy for the entire amount of paid-up permanent protection he has thus purchased and may, if he pleases, cash in or borrow up to the full amount of cash value. Such value is always equal to at least the amount paid in, and grows at such a rate that at age 98 the policy would mature to pay double the amount he contributed.

International Harvester pays the full premium for the term life insurance protection. The employee's entire payment buys for him single-premium, paid-up life insurance. Total insurance for the worker is constant, until he advances to a higher income bracket. Thus the employer's premium on the term insurance decreases each year as the paid-up life insurance increases.

• **Everybody Happy**—All parties concerned report enthusiastic reception of the plan. Other companies are considering adoption of policies modeled after the Aetna-Harvester formula.

Several barriers stand in the way of general substitution of this newer plan for the older and better known group life insurance policy. First, it is more expensive both for the employer and for the employee. Its present boom-time attractiveness might disappear in days of depression. Second, insurance men find that employers are so busy these days that they won't sit down long enough to discuss the pros and cons of the new plan. Third, there is a problem of coordinating paid-up insurance with existing group coverage. Employee groups must receive understandable explanations of benefits that compensate them for paying more money while receiving no additional straight insurance protection. Fourth, the laws of certain states preclude writing of group life insurance on any basis other than the standard one-year renewable term.

## COMMODITIES

### Use of Tin Cut

Food preservation, where substitution is impossible, will be among few uses little influenced by new OPM order.

Tin for the preservation of food—and for precious little else—is now the order of the day. A nation which normally uses pretty close to two-thirds of all the world's tin production and relies for most of its requirements on the war-torn Far East hasn't much choice in the matter.

• **Where the Ax Falls**—That's why the Office of Production Management has undertaken to plug all leaks by forbidding use of tin for any but vitally necessary purposes. In a list of 29 items consumption of the metal is halved for the first quarter of 1942, and thereafter will be cut off altogether.

Among the items subject to the order are foil, musical instruments, pewter,

ornaments, household furnishings, fasteners, bells and chimes, novelties, labels, slot machines, enamelware, oxides, and white metals. During the current quarter manufacturers of these and the other enumerated products will be cut to 50% of their consumption of tin in the first three months of last year, and after Apr. 1 will get none.

• **Size of Reduction**—Total elimination of such uses of tin is expected to result in an annual saving of around 15,000 tons. That's a fairly important piece of conservation when compared with total consumption of 74,114 tons in 1940. (Current use probably is at the rate of 100,000.)

The ban does not apply to tin going into goods for the armed forces or lend-lease, to production of certain critical articles where substitution is impractical, or to articles with priorities ratings of A-1-j or higher. Thermostats, for in-

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# ADVERTISERS IN THIS ISSUE

Business Week — January 10, 1942

THE ADDRESSOGRAPH-MULTIGRAPH CORP. .... 48 Agency—REINCKE-ELLIS-YOUNGGEREN & FINN, INC.	THE HINDE & DAUCH PAPER CO. .... 45 Agency—HOWARD SWINK ADVERTISING AGENCY
AIR REDUCTION SALES CO. .... 57 Agency—G. M. BARFORD CO.	HOTEL LENNOX. .... 73 Agency—GARDNER ADVERTISING CO.
AMERICAN PHOTOCOPY EQUIPMENT CO. .... 40 Agency—THE PHIL GORDON AGENCY	INTERNATIONAL BUSINESS MACHINES CORP. .... 3 Agency—CROIL & PERRY, INC.
AMERICAN WRITING PAPER CORP. .... 32 Agency—CHARLES E. VAUTRAIN ASSOCIATES, INC.	THE INTERNATIONAL NICKEL CO., INC. 43 Agency—MARSHALL & PRATT, INC.
THE ASSOCIATED BUSINESS PAPERS. .... 42	JOHNSON & HIGGINS. .... 23 Agency—DORRANCE & CO.
ASSOCIATION OF PREFORMED WIRE ROPE MANUFACTURERS. .... 47 Agency—REINCKE-ELLIS-YOUNGGEREN & FINN, INC.	G. B. LEWIS CO. .... 64 Agency—HURT S. GITTINS, ADVERTISING
ATLANTIC COAST LINE R.R. CO. .... 56 Agency—ALFRED LILLY CO., INC.	LYON METAL PRODUCTS, INC. .... 49 Agency—EVANS ASSOCIATES, INC.
ATLAS POWDER CO. .... 53 Agency—THE ATKIN-KYNITT CO.	MARMON-HERRINGTON CO. .... 35 Agency—THE CALDWELL-BAKER CO.
BIRDSBORO STEEL FOUNDRY & MACHINE CO. .... 65 Agency—BRAMMONT, HELLER & SPERLING, INC.	MARYLAND CASUALTY CO. .... 21 Agency—J. M. MATHER, INC.
BUELL ENGINEERING CO., INC. .... 57 Agency—W. I. TRACY, INC.	GEORGE S. MAY CO. .... 4th Cover Agency—JIM DUFFY, INC.
BULL DOG ELECTRIC PRODUCTS CO. .... 25 Agency—BROOKER, SMITH, FERRON & DORRANCE, INC.	McGRAW-HILL BOOK CO., INC. .... 44, 50, 54 Agency—J. M. HICKERSON INC.
BYRON WESTON CO. .... 29 Agency—WALTER B. SNOW & STAFF, INC.	NEW DEPARTURE DIVISION GENERAL MOTORS SALES CORP. .... 2 Agency—J. M. HICKERSON INC.
THE PHILIP CAREY MANUFACTURING CO. .... 44 Agency—THE S. C. BARR CO.	NORTH AMERICAN AVIATION, INC. .... 3rd Cover Agency—THE EBBIG CO., LTD.
CARRIER CORP. .... 4 Agency—CHAR. DALLAS HUBACH CO.	THE OREGONIAN. .... 6 Agency—MAC WILKINS & COLE, INC.
CLUES. .... 72	OWENS-CORNING FIBERGLAS CORP. 38, 39 Agency—YOUNG & RUBICAM, INC.
CONTAINER CORP. OF AMERICA. .... 51 Agency—N. W. AYER & SON, INC.	OWENS-ILLINOIS GLASS CO. .... 12 Agency—D'ARCY ADVERTISING CO., INC.
CONTINENTAL MOTORS CORP. .... 71 Agency—WALLACE-LINDMAN, INC.	PENN ELECTRIC SWITCH CO. .... 47 Agency—LAMPSON, FOX & CO.
CORNING GLASS WORKS. .... 31 Agency—BATTEN, BARTON, DORSTINE & OSBORN, INC.	PRUDENTIAL INSURANCE CO. OF AMERICA .... 44 Agency—CROIL & PERRY, INC.
CUTLER-HAMMER, INC. .... 10 Agency—KIRKADDER-DREW CO.	RADIO CORPORATION OF AMERICA. .... 41 Agency—LORD & THOMAS
O. C. DURYEA CORP. .... 37 Agency—FITZGERALD ADVERTISING AGENCY, INC.	ROBBINS & MYERS SALES, INC. .... 60 Agency—ERWIN, WABBY & CO., INC.
ELECTRIC CONTROLLER MANUFACTURING CO. .... 73 Agency—THE BATLER-KNEE CO.	SKILSAW, INC. .... 28 Agency—EARLE LUBOIN, INC.
GENERAL BOX CO. .... 61 Agency—THE BUCHER CO.	THE SOUNDSCRIBER CORP. .... 52 Agency—POST & JOHNSON, INC.
THE B. F. GOODRICH CO. .... 1 Agency—THE GRISWOLD-ENHLEMAN CO.	TOWMOTOR CO. .... 33 Agency—HOWARD SWINK ADV. AGENCY
GULF OIL CORP. .... 9 Agency—YOUNG & RUBICAM, INC.	THE VAN DORN IRON WORKS CO. .... 60 Agency—MELDRUM & FREDMITH, INC.
HARRISBURG STEEL CORP. .... 55 Agency—WORTHMAN, BARTON & CO., INC.	WARNER & SWASEY CO. .... 2nd Cover Agency—THE GRISWOLD-ENHLEMAN CO.
HEATING & VENTILATING EXPOSITION, 7TH INTERNATIONAL. .... 42 Agency—O. B. TYSON & CO., INC.	THE WATSON-STILLMAN CO. .... 27 Agency—O. B. TYSON & CO., INC.
	THE WAYNE PUMP CO. .... 75 Agency—BONDIS ADV. AGENCY
	WILLSON PRODUCTS, INC. .... 8 Agency—JAMES G. LAMB CO.

stance, would be exempt even though tin will not be available for building supplies in general, and foil may still be made for condensers. Tin for galvanizing, on the other hand, would be cut off except in food-processing equipment.

● **Cut for Cans Soon**—About 60% of the tin used in this country goes into plate, mostly for cans and containers, of which 17,000,000,000 were manufactured in 1940. The OPM even now is preparing a supplementary order to govern can production. Among other things, it is expected to follow the suggestion, lately espoused by Harold L. Ickes as petroleum coordinator, that employment of tin containers be very largely curtailed in sale of petroleum products. Salvage and re-use, standardization of types and sizes, and compulsory substitution also are in the cards.

● **Stockpiles Built**—Actual shortage of tin may be in sight, but it is not yet here. Stockpiling has been instrumental in accumulation of a visible supply sufficient for at least a year, and many consuming industries (prompted by the government more than a year ago) built their own stockpiles in which some metal still remains.

World production in the first 10 months of 1941 amounted to 209,500 tons, up more than 20,000 from the like 1940 period. Deliveries in the United States up to Dec. 1 were 135,642 tons, a gain of nearly 30,000. Metals Reserve Co. is, to all practical purposes, the sole importer, with the Priorities Division of OPM the only dispenser.

The long-awaited smelter to make use of Bolivian ore in this country will begin operations shortly with 18,000 tons annual capacity. As Bolivia produces ores containing about 30,000 tons of tin a year, this source of supply could be exploited even more extensively if satisfactory arrangements can be made with the South American republic's three big mines.

## HOW WOOL ORDER WORKS

Total use of wool by any woolen manufacturer during the first quarter of 1942 will be limited (BW—Jan. 3'42, p8) to 40% of the amount used during the base period, the first six months of 1941. Consumption for military purposes will not be cut, however, so plants with 100% military orders will be unaffected.

New wool for civilian worsted garments will be sliced in the first quarter to 25% of the long staple wool used during the base period. Scoured wool users will be held to 20% of their base period consumption. Thus defense orders must be secured in order to operate up to the full 40% of base permitted. Use of scrap wool will be encouraged. Further, and steeper, slashes likely will be made after Apr. 1, 1942.



# THE TRADING POST

## Sentinels of Industry

I remember when a watchman's job was not considered very important. Often it went to some pensioner that an employer felt he had to "take care of." Sometimes it was a berth for a disabled employee that the boss was unwilling to let out.

But a change has come about in the watchman's status. Right now this change is accentuated, of course, by the advent of war with its special threat of sabotage and other violence. But even before this emergency, the selection of sound men for watchman's duty had become good practice.

I am reminded of all this by a little booklet recently put out by the Detex Watch Clock Corporation. It is called "Plant Protection for National Defense" with a subtitle, "A modernized manual of rules, regulations, and instructive information to guide watchmen, guards, and supervising personnel."

What struck me first about this manual was that the very first section discussed "What type of watchman?" and swings right into another that's headed "Accent on character." Other sections deal with training, fire-arms, special instructions, time detector equipment, watchmen's routes, and other pertinent items.

Some of the more timely topics covered, interesting to watchmen and their employers alike, are those which define "sabotage" and "espionage". And the section "What every watchman should know" is a highly practical memo.

Indeed the whole of this surprising little 30-page booklet is most practical. For watchmen are, in effect, the sentinels of an industry at war; their duties are going to be of increasing importance. It seems to me that if I were a plant manager I'd like to have a copy handy. The address of the Detex people is 76 Varick St., New York

## About Those Oil Pipelines

Commenting on a recent Business Week report about new developments in oil pipeline construction (BW—Nov. 22 '41, p18), Frank Cullinan, president Republic Production Co. of Houston, writes as follows:

I am not altogether sold on this craze to build pipelines; in fact I am quite in sympathy with the attitude of SPAB in refusing to permit the use of the steel.

If we are to shut ourselves in, deny ourselves the full use and enjoyment of the oceans, then limiting ourselves to pipelines will become a necessity. If, on the other hand, we retain even restricted freedom of the seas, we will need tankers to transport crude and refined products to certain points,

including some which could not possibly be supplied by pipelines.

Fully realizing that under present thought economics never enters the picture, yet there may come a time when saving in cost will become an item; and this, admitted by all, is in favor of tanker transportation. Where pipelines can be constructed to eliminate rail transportation, such pipelines are, in my opinion, fully justified. Likewise where water transportation is interfered with through seasonal climatic conditions, then, even though the transportation cost is more, the pipeline is in every way justified.

Had this pipeline building craze come along just a few years back, creating a monopoly, as will undoubtedly follow, many of those companies participating in this proposed project would not exist. There is not now, probably never will be any reason for the brain child Secretary Ickes claims as his. Less steel, less labor taken from other defense projects and applied to tankers will do everything claimed for the pipeline.

Surely, some lines should be constructed. These should and would be constructed by private capital. Where they are necessary, a certificate of necessity should issue.

## Protest from Montana

The following letter is from Robert T. Pound, of W. O. Pound and Sons, Lavina, Mont.:

Every once in a while Business Week views the scrap iron situation with alarm. You state that the price has been raised in distant points. Now there are thousands, if not hundreds of thousands of tons available out here—but not at \$7.50 a ton, delivered to the railroad. The haul is often thirty miles and it takes a lot of sledging, dynamite, or acetylene to cut up an old steam boiler. There is considerable resentment over the fact that we have to pay "Pittsburgh plus" for new iron, but when we sell it we are paid "Pittsburgh minus."

We are not dealers and have no scrap for sale, but we do hear collectors talking. Twenty dollars a ton would dislodge an astonishing lot of scrap. Higher prices should be set for delivery to the junkyard, and perhaps the government should pay the freight to the smelter. All the easily collected scrap was shipped to Japan. What is collected now will cost more to gather.

Our last man has been drafted. All the men known to us, formerly available for farm labor, have enlisted, have been drafted, or have left for apparently higher-pay jobs West. Montana furnished more than her share of soldiers in the last war, and unless the problem of ranch labor is met in an immediate and realistic manner, we will not be able to turn out 30,000 pounds of wool, 100,000 pounds of meat, and 30 bulls, with our outfit staffed with half-wits, incompetents, and played-out labor. There seems to be a general idea that we operated with unskilled, underpaid labor. I wish some of those thinkers would try to handle 2,500 sheep or registered cattle with ignorant city kids. And we strongly think that \$60 and up per month with everything furnished except clothes and amusements is good pay anywhere.

W.C.

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# THE TREND

## JOB INSURANCE—WAR AND POST-WAR

It would be an overstatement to suggest that state unemployment compensation faces a crucial test during coming months of priorities disemployment in such basic industrial states as Michigan, Ohio, Wisconsin, Indiana, etc. But it would not be an overstatement at all to say that these various state funds are about to undergo an unexpected burden. When advocates of unemployment insurance put their heads together back in the early days of the Roosevelt Administration they could not have foreseen that some day unemployment benefits would tide workers over a war-born emergency. Indeed, they probably had never heard the word "priorities" used in the sense we use it today.

- Fortunately, unemployment compensation funds have just come through three relatively fat years—1939, 1940, and 1941. In those years, income from employers' contributions outpaced benefits to unemployed workers (table, page 22). And so, financially, unemployment compensation funds are in good shape to stand the drain of temporary priorities disemployment. In Michigan, for example, resources tote up to more than \$100,000,000; even if priorities unemployment benefits were paid out to as many as 300,000 auto workers (an extreme and unlikely contingency) at the maximum rate of \$16 per week for the maximum period of 18 weeks (again an exaggerated assumption), the aggregate drain of \$87,000,000 would not break the state's fund. However, it would put a serious crimp in it, and compared with other industrial states, Michigan's unemployment compensation reserves would hardly show up favorably.

This raises again a basic problem about unemployment compensation. Unlike our old-age pension setup, unemployment compensation insurance is on a state-by-state basis. Each state has its separate fund, with different systems of taxation and benefits. Minimum payments, for example, run from as low as \$2 a week in Alabama to as high as \$10 a week in Oregon and California; maximum payments generally range from \$15 to \$20; and the duration of payments varies from 13 weeks in some states to 20 in others.

- The argument for these differences is that economic and industrial conditions diverge from one state to another. In some states, living costs are low; in other states they are high. In some states, industry is of the heavy-goods type—steel, autos, etc.; in others, industry consists largely of non-durable goods—textiles, shoes, apparel. Therefore, it is often argued that unemployment compensation should be adjusted to local conditions, that individual state systems, being more flexible, are better able to do this than a federal set-up.

The proponents of federalization strike off on a different tack. They reason that unemployment never is a truly localized problem; that it results as frequently from basic national economic developments as from economic

shifts and turns within the confines of a single state. Thus, they reason that Michigan's current unemployment plight is not of its own doing but of the nation's. War forces the state's major industry to lay off workers and change to all-out arms production. But the Michigan unemployment compensation fund bears the burden, not the nation.

- It is safe to say that priorities unemployment, in itself, will not last long enough to produce a crisis in unemployment compensation. As new arms plants come into production and as automobile factories convert to arms work, unemployed workers will be absorbed; indeed, total employment is destined to rise, not fall. But in the post-war period, when the nation's war industry demobilizes and when auto, machinery, and other factories begin the painful process of reconversion from wartime to peacetime operation, unemployment is apt to become a major economic and social problem.

Then the financial drain would not be confined (as it is today) to a few priorities states; it would extend to all states. Only those which are best-heeled financially would survive; weaker ones would go broke. That this is a reasonable expectation can be seen in the wide discrepancies in state reserves. The table on page 22 suggests, for example, that such industrial states as Michigan, Massachusetts, New York, and Pennsylvania, are not nearly so well-cushioned to withstand widespread unemployment, as, say, Illinois, Ohio, Wisconsin, and Delaware. But survival depends not only on how much money is in the state reserve funds, but on the terms of benefit payments and the type of industry from state to state. Some funds may live through simply because benefits are measly; others may collapse because benefits are large and of long duration.

- Federalization would eliminate these numerous discrepancies and would insure against some state funds going broke before others by nationalizing both reserves and benefit payments, on the theory that unemployment (like old age) is a national problem to be dealt with nationally. On the other hand, the proponents of individual state systems contend that unemployment, oftentimes, can be minimized by local handling and procedures—experience rating (which levies taxes according to an individual firm's unemployment record), for example.

Those, then, are the issues the business man must bear in mind when the question of federalizing unemployment compensation comes up again—as it surely will. Is unemployment a basic economic problem to be dealt with by the nation as a whole, uniformly and deliberately? Or are individual firms and individual states adequately able to cope with the problem in their separate and respective ways?

*The Editors of Business Week*

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